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# THE ROUND TABLE

A QUARTERLY REVIEW OF  
THE POLITICS OF THE BRITISH EMPIRE.

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SEPTEMBER · MCMXVII Price 2/6 N° 28

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## NOTE

THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in all parts of the British Empire, and whose aim is to publish once a quarter a comprehensive review of Imperial politics, entirely free from the bias of local party issues. The affairs of THE ROUND TABLE in each portion of the Empire are in the hands of local residents who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE will reflect the current opinions of all parts about Imperial problems, and at the same time present a survey of them as a whole. Opinions and articles of a party character will be rigidly excluded.

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## AFTER THREE YEARS

THE war has entered on its fourth year. Last winter it was widely believed on both sides that peace would be attained this autumn. There were many in this country, for example, who thought that the steady accretion of military strength on the part of the Allies—especially the full development of British fighting power and the adequate equipment of the Russian armies for an offensive—would make it possible in this year's campaign to force a decision by a united effort on all the fronts. The Germans, similarly, if they no longer expected to do more than maintain an unbroken defensive on land, were told by Herr von Bethmann Hollweg in January that the "unrestricted" use of submarines would deal England a "decisive blow" and lead to a "swift victory." These hopes have not been realised on either side; and if the disappointment is certainly great among the Central Powers, it is great also among the Allies. It shows itself in a deeper and more general impatience with the prolongation of the war, in the more insistent raising of the crucial question: "Why *must* the appalling business of destruction still go on?"

The average British citizen's answer to the question is simple. "We have not won the war," he says; "and we have got to win it." But he is not quite so clear as he was three years ago as to what "winning the war" means or why it must be won. As the struggle drags on through month after month of daily effort, the issues stand out with less definite and unmistakable force than they did in 1914. But if the war is to be ended in the same spirit of

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national unity and devotion in which it was begun, there must be the same clear certainty as to why we are fighting as there was in 1914. It may be worth while, therefore, to remind ourselves that our purposes now are the same as they were then, that they have not yet been fulfilled, and that it is no less obviously our duty now than then to strive for their fulfilment. It will mean reconsidering, as briefly and simply as possible, some very familiar facts ; but it is just because they are familiar that after three years they tend to awaken a less immediate and overwhelming response from mind and conscience, and sometimes, it might seem, to be almost forgotten.

### I

WHAT, then, in 1914 was the first purpose of the British people in going to war ? It was to rescue Belgium from her invaders and restore her independence. Our sympathy was deeply stirred by her sufferings during the invasion, and it became our additional aim to exact reparation for her injuries. But the original purpose had been formed before the coming of the refugees, and the pity and indignation their terrible story aroused were scarcely needed to confirm it. For by the violation of Belgian neutrality, without any additional provocation, the whole of the British people were immediately convinced of the necessity for war. The mass of men and women understood at once that a pledge, as precise and binding as any pledge could be, undertaken by a group of States, including Germany, Belgium, and Britain, had been broken by Germany and kept by Belgium, and that it must be kept by Britain too. Those who had studied the elements of foreign policy realised also that Germany had deliberately repudiated the one rule of international conduct which all civilised States are bound unvaryingly to obey if there is to be any possibility from day to day of friendly intercourse

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between them. The doctrine of the inviolability of public right had been the dominant tradition in British foreign policy. Generations of British statesmen had regarded the sanctity of treaties as the keystone of the peace of Europe. "England will never consent," said Pitt in 1793, "that another country should arrogate the power of annulling at her pleasure the political system of Europe, established by solemn treaties and guaranteed by consent of the Powers." "We can have no security for Europe," wrote Palmerston in 1830, "but by standing upon a strict observance of treaties." "The greatest triumph of our time," said Gladstone in 1870, "will be the enthronement of public right as the governing idea of European politics." And Mr. Asquith's statement in the House of Commons on August 6th, 1914, of our reasons for going to war was in keeping with this unchanging tradition. "If I am asked what we are fighting for, I reply in two sentences. In the first place, to fulfil a solemn international obligation, an obligation which if it had been entered into between private persons in the ordinary concerns of life would have been regarded as an obligation not only of law but of honour which no self-respecting man could possibly have repudiated. I say, secondly, we are fighting to vindicate the principle . . . that small nationalities are not to be crushed, in defiance of international good faith, by the arbitrary will of a strong and overmastering Power."

This, then, was our first purpose in 1914—the liberation of Belgium, with reparation for the injuries inflicted on her. Three years have passed, and Germany is still in occupation of all but a fragment of Belgian soil. Nor has anything happened in those three years to make the fulfilment of our purpose one whit less binding a debt upon our honour, and the appeal to our pity and humanity has been deepened by the conduct of the German Government towards the Belgians in their power.

Our second purpose was the defence of France. It



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needed no deep study of foreign policy for Englishmen to realise that Germany's first war aim was to deal France a crushing blow and, if possible, to cripple her for years to come. The essential facts as to the origin and result of the Franco-Prussian War were widely known, and to the average Englishman the recent development of the Entente Cordiale—perhaps the feature in our foreign policy most clearly understood and warmly approved by public opinion in this country—seemed to imply a tacit obligation on our part to assist France, if she ever needed it, to defend herself against another such deliberate assault as that of 1870. When, therefore, the tide of German invasion swept beyond Belgium deep into French territory, when our Expeditionary Force, for all its gallantry, proved far too small to prevent the outflanking of the French armies and fell back with them to the very outskirts of Paris, it became the unanimous determination of the British people to multiply its armies till they were strong enough, side by side with the French, to drive the German armies back across the frontier. From the first, moreover, they held it just and right that France should recover those provinces which were torn from her by force in 1871, against the passionate desires of their inhabitants and the solemn protests of their representatives.

We have become, for the first time in history, a military Power on the continental scale; but after three years the German armies, though one stage of withdrawal has been forced on them, still occupy some of the richest and most populous French districts. And Alsace-Lorraine is still an appanage of the German Empire.

Next to the liberation of Belgium and France came the liberation of Serbia. This was not our purpose in 1914, because Serbia succeeded in defending herself against invasion; but it at once became our purpose when, a year later, the defence was at last broken down and Serbia suffered the fate of Belgium. Serbia was not protected by any treaty of neutrality. Our good faith, therefore,

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was not involved in the same strict sense as in the case of Belgium. But the same principle of public right which lay behind the Belgian treaty was involved. In July, 1914, Austria-Hungary had suddenly refused to respect the status of independent sovereignty accorded to Serbia by the Congress of Berlin. Only those provisions in the unprecedented ultimatum of July 23 had been rejected by Serbia the acceptance of which would have implied the surrender of her sovereign rights. And if from the first the principle of public right had been involved, so also when the disaster came was our honour—the honour not in this case of a guarantor but of an ally. For a year Serbia had successfully engaged large Austro-Hungarian forces, and to that extent had relieved the pressure of our common enemies on other fronts. The subsequent collapse of her resistance was not due to any lack of courage or foresight on her part. Its primary causes were the faithlessness of King Constantine and the ambition of Czar Ferdinand. But the disaster might never have occurred without mistakes in diplomacy for which each of the Allies had a share of responsibility and without our own military failure at the Dardanelles. Our obligation, therefore, to fight for Serbia's redemption could not have been plainer; and the sentiment of the whole country was expressed when, on February 23, 1916, Mr. Asquith extended to Serbia the public pledge he had already given with regard to Belgium, and when, a few weeks ago, the pledge was renewed by Mr. Lloyd George.

The liberation of Serbia, then, became our third purpose; and after two years it remains, like the first and second, unfulfilled. All but a fragment of Serbia is still in the enemy's hands; and the fate of the surviving population has been even more cruel than the fate of the Belgians.

All these purposes were, so to speak, negative: they aimed at undoing what had been done. But our final purpose was positive: it aimed at breaking the power which had done those things and at making it impossible,

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as far into the future as might be, for anything like them to be done again. This final purpose was defined by Mr. Asquith on November 9, 1914, in the well-known words : " We shall not sheathe the sword . . . until the military domination of Prussia is wholly and finally destroyed."

The British public had quickly realised that the primary cause of the war was a calculated attempt on the part of the ruling military caste of Prussia to secure a position of undisputed hegemony in Europe. To that end they had taken advantage of a local dispute to precipitate a general conflict, as the result of which they expected to cripple the military power of France and Russia, to occupy Belgium and Serbia, and by means of annexations and indemnities to increase the strength of Germany in material resources and strategic position so that for the future her will would prevail unquestioned throughout the Continent. The instruments for achieving these objects were, first, the willing obedience of practically the whole German population of the Empire, who had been indoctrinated with the belief that power was the primary object of the State, that the future prosperity of Germany required the acquisition of more power at the expense of her neighbours, and that the Prussian military machine could be relied on to secure it, as it had done so triumphantly in 1870 ; secondly, the whole-hearted co-operation of the Magyars in Hungary ; thirdly, the support of the Germans in Austria, or at least the dominant military and official classes among them ; and, fourthly, the enforced service of the Slav peoples of the Hapsburg Empire, who could not escape from the control of their masters at Budapesth, Vienna, and Berlin, however little they might sympathise with their ambitions.

More than once before a similar attempt had been made by a strong military State to become by force of arms the mistress and arbiter of Europe. A successful resistance to these attempts had been the great tradition of British warfare ; and, as the most efficient preventive of such attempts,

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the doctrine of the inviolability of public right had been, as has already been pointed out, the great tradition of British statesmanship. Nor had this British attitude in foreign policy meant, as was argued in Germany, that Britain desired to maintain the *status quo* perpetually unaltered. No one denied the need for making adjustments from time to time in the political system. But British statesmen held that such adjustments should be made by mutual agreement and not by force, just as adjustments within a State should be made not by breaking laws but by amending them. And they had striven with increasing earnestness, in co-operation with the representatives of most other civilised States, to better the machinery for peaceable adjustment by extending the principle of international conference, improving the code of international usage, and strengthening the moral authority of the Hague tribunal for the settlement of international disputes. From all this the rulers of Germany had stood aloof. The immutable basis of all such plans for promoting peace and harmony in the world was the doctrine of public right: and they had determined to repudiate that doctrine.

In upholding that doctrine British statesmen had not only been inspired by a genuine wish to preserve the peace of Europe and by a sincere respect for public faith, they had been actuated also by national self-interest. It was always evident that the establishment of any single dominating Power upon the ruins of the European system would be, as it was in the days of Napoleon, a direct menace to the liberty of Britain. In those Englishmen, therefore, who realised whither it might lead, the westward march of the German armies at once aroused the instinct of self-defence, and on August 3, 1914, Sir Edward Grey frankly warned the House of Commons of the danger which would straightway arise if Germany were to succeed in occupying the French and Flemish coasts. If the British public, steeped in the immemorial tradition of insular security, did not at first regard their own country as being in any real peril or

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conceive the war as in any real sense a struggle for the preservation of their own freedom, the facts were soon driven home by the frank avowals of German publicists, by the proved strength of German military power, and, later on, by the effectiveness of the submarines. It became clearer and clearer that the liberation of Belgium was required to meet the needs of self-defence as well as the claims of honour. Nor was it only in the West that danger threatened. It seemed that militarist circles in Germany had long cherished the design of winning control over the Balkans and the Turkish Empire, and so striking at those vital points in the straggling fabric of the British Commonwealth—the Suez Canal and the Persian Gulf. Pan-German enthusiasts, it appeared, outdreaming Napoleon's dreams, had already fashioned in their minds the great strategic roadway of the future German Empire, branching from Anatolia south-west to Cairo and Central Africa, south-east to Bagdad and India. In the light of such ambitions the position of Serbia was quickly seen to be akin to that of Belgium. Serbia was "the guardian of the gate" in the East, as Belgium in the West.

It was, then, to defend the safety of the British Commonwealth, as well as to vindicate the principle of public right and to restore the peace and liberty of Europe, that we set out three years ago to destroy the military domination of Prussia. This last was our supreme purpose, embracing those other purposes, its fulfilment ensuring theirs. And after three years it has not yet been fulfilled. Indeed, from one point of view, the military domination of Prussia has been strengthened and extended. The armies which obey the Prussian will have done more than keep their grip on Belgium and North-East France and Serbia. They have driven across Roumania and penetrated far into Russia. And new armies have submitted themselves to the same allegiance. Bulgaria and Turkey have become the vassals of Berlin; the overland road to Asia and Africa has been opened up "according to plan"; and but for the British



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troops at Gaza and Samarra Prussian generals might now be organising the invasion of Egypt and the occupation of the Persian Gulf. If Prussian militarism, indeed, were allowed to maintain the position it has won and to consolidate this block of Central European peoples into one compact military and economic system, its domination over Europe, so far from being threatened with destruction, would be well-nigh indestructible.

To review the purposes with which we entered on the war and to find that none of them are yet fulfilled might seem at first sight discouraging. But such an inference, it scarcely need be said, would be wholly one-sided and invalid. It would leave out of account the fact that our record during the last three years has been a record not of impotence and failure but, despite mistakes and accidents, of steadily increasing power and success. It would ignore the underlying reality beneath the outward aspect of the war-map—namely, that the balance of actual war-strength, military and economic, has turned against the Central Powers. The fulfilment of our purposes may have been delayed far beyond our first sanguine expectations, but it has never been more certain than now. One last effort of endurance in the spirit of 1914 and the aims of 1914 will be achieved.

## II

THE assurance of ultimate victory for the Allies rests first on the clear superiority of their resources. The temporary demoralisation of the Russian armies relieved the German High Command from what would otherwise have been a critical if not a desperate situation. But under the strong hand of M. Kerensky discipline is already being restored; the Russian armies are now rallying; they may be able before long to maintain an unyielding front, even perhaps to renew the offensive. And in any case the

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leaders of free Russia are determined to fight on. "I am certain," said M. Kerensky in his message to the King on August 13, "that the Russian people will find the necessary strength to surmount the serious trials of the present time and to conduct the world-war to an end which will be worthy of the terrible sacrifices already made by every nation which is struggling for right against might." In the West, meanwhile, at regular intervals the Italian offensive is resumed, and each time the Austrians fall back one more stage towards Trieste. With the same regularity the German attacks on the dominant French positions are thrown back with heavy losses, while the British armies, never so strong as now in men, material, and experience, have wrested from the Germans all the higher ground along their front, despite the years of labour spent on making it impregnable, and are steadily pressing them back in France and Belgium. And while the armies of the Western Allies in Europe are thus month by month wearing down and overcoming the Austro-German power of resistance, a great American force, its vanguard already thrown forward into France, is quietly gathering, arming, drilling to take the field next spring. And in the United States, as in Russia, behind the armies-in-being lies an almost inexhaustible reserve of man-power. Nor is it only in military and naval resources that the United States has increased the strength of the Allies. Its entry into the war and the prompt adhesion of many lesser neutrals have marshalled the financial and economic resources of almost all the world against the Central Powers. The tightening of the blockade has been facilitated; and the fact that their enemies now control practically the whole supply of those raw materials on the importation of which, in the future as in the past, German industry and trade depend for their very life is clearly adding to the load of anxiety and increasing the moral strain which the rulers of Germany, and in so far as they realise the truth the German people also, have to bear.

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And the pressure is not only from outside, nor only from material forces. A world of ideas has gathered against Prussianism as well as a world of men and goods. For many years the autocracies of Central Europe have stemmed the tide of political progress, but the war has shaken their barriers, and at last, "by creeks and inlets making," the waters are beginning to come in. The ideals of civic and national freedom are now the common creed of all the Allies, but they are not their monopoly, they appeal to the natural instincts of mankind. Since in 1848 they sprang for a moment into actuality they have never wholly died in Germany, and in Austria they have continued vigorously alive. And now the contagious effects of the Russian Revolution, working on populations suffering far more acutely than the Allied peoples from the losses and deprivations of the war, and far more restless, far more desperately impatient for peace than they, have produced in both countries a strong revival of democratic and nationalist agitation.

Events in Austria have been kept too closely shrouded by the censorship to be revealed to the outer world in full detail, but the main facts are known. From the first days of the war the Austrian Government had trouble with its Slav subjects, unwilling as they were to fight against their Serb and Russian kinsmen. That was undoubtedly the chief reason why it did not dare to summon the Austrian Parliament, the Reichsrat, and continued to govern in virtue of the notorious Paragraph Fourteen of the "Fundamental Laws" of Austria\* without any reference whatever

\* The following is a translation of the text of Paragraph Fourteen: "If at a time when the Reichsrat is not assembled the urgent necessity of such orders as require its sanction according to the constitution should become apparent, then these orders can be issued by Imperial decree under the responsibility of the Ministry as a whole—in so far as they do not aim at any alteration of the fundamental law of the State nor relate to any permanent charge upon the Treasury or any alienation of State property. Such decrees have provisional force of law, if signed by all the Ministers and if promulgated with express reference to this provision of the fundamental law.

"The validity of these decrees expires if the Government has neglected

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to the representatives of the people. Under this absolutist *régime* the non-German nationalities, especially the Czechs and Southern Slavs, were rigorously suppressed. Regiments were decimated or deliberately exposed to hostile shell-fire. Thousands of civilians were executed or imprisoned.\* The situation became more and more strained, and the assassination of the Austrian Premier, Count Stürgkh, last October seemed like the first thunder-clap of an approaching storm. A few weeks later the Emperor Francis Joseph died, and with the accession of the Emperor Charles came naturally a change of attitude, a readjustment in the circle which surrounds the throne. The appointment of Count Clam-Martinic, a Bohemian nobleman, as Austrian Premier was believed in some quarters to betoken an attempt to satisfy nationalist aspirations. But it soon appeared that the policy he relied on was not concession, but coercion; his plan, it seemed, was to strengthen the existing system by a constitutional *coup d'état*; and the Reichsrat was not convoked until the effect of the Russian Revolution made it more dangerous to refuse than to concede the general demand for it. What happened when, on May 3, after more than three years' suspension, the Reichsrat met? The Nationalist agitation, at last allowed its constitutional outlet, broke forth with all the greater force because of its long repression. With one voice the non-German Parties declared against the Government. Czechs, Southern Slavs, Ukrainians, Poles—all demanded the establishment of national auto-

to submit them for sanction to the next Reichsrat which meets after their promulgation, and in the first instance to the House of Representatives within four weeks of its assemblage, or if they do not receive the sanction of one of the two Houses of the Reichsrat.

"The Ministry as a whole is responsible for such decrees being put out of operation as soon as they have lost their provisional legal validity."

\* In January, 1916—i.e., more than 19 months ago—the *Neues Wiener Tagblatt* was allowed by the Censor to announce that the total of executions for high treason, etc., in Austria and Bosnia was 3,463. According to the *Prager Tagblatt*, the German Radical organ at Prague, 18,000 prisoners were released as the result of the recent political amnesty.

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nomy on a democratic basis.\* Parliamentary government, in fact, was shown to be impossible unless and until official circles at Vienna were compelled to tear up the very roots of their political faith, to renounce the doctrine of ascendancy, and—here lies the heart of their difficulty—to discard and disentangle themselves from those Magyar and Prussian allies on whose support their power has always rested. So, after sitting for six weeks, the Reichsrat was prorogued; and Count Clam-Martinic having resigned, the unevitable task of carrying on the Government was entrusted to a hitherto obscure official, Ritter von Seidler. On that position the veil has once more fallen; but behind it, there can be little doubt, the forces of disintegration are fast undermining the cumbrous structure of the Hapsburg Empire.

About the same time a political crisis in Germany revealed that there also the disturbing ideas provoked by the Russian Revolution were at work, though far less potently in that compact and relatively homogeneous State than in its neighbour. The German people are beginning to understand the breadth and reality of the political gulf which separates the Central Powers from the Allies, and, indeed, from the rest of European civilisation. Why was it, many Germans must have asked themselves, that the downfall of the Russian Government and the wholesale transformation of the forces and ideas which controlled Russian policy, whatever their material or military results, proved to be a moral gain to the Allies? Why was it that, when the leaders of the Revolution repudiated the whole political programme of the Czar's

\* The formal declaration of the Czech League, comprising all the Czech Parties in the Reichsrat, insisted on the necessity of transforming the Hapsburg Monarchy into "a federal State of free and equal national States." A leading young Czech deputy (Dr. Stransky) interpreted this demand as involving "the restoration of political independence and of the sovereign constitutional law of the Bohemian nation on the historic territory of the Bohemian crown." See the reports of the Reichsrat speeches given in *The New Europe* for June 21 and July 5, 1917.



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*régime*, they made it the one exception that the war must still be carried on? The Russians themselves supplied the answer. They were fighting, they said, to destroy not Germany but German Imperialism. And when the German Social Democrats went to Stockholm in the hope of finding some basis of agreement with the Russian revolutionaries and with their old comrades in the international socialist movement in other countries, they received the same reply. No one could speak at Stockholm with more authority than the Swedish Socialist leader who presided over the negotiations, and M. Branting was quite uncompromising in his condemnation of the imperialist system in Germany, "which has always demanded expansion and new possibilities, while not granting to other States the same rights." "I believe," he said in an interview, "that the real peace negotiations will be postponed as long as the present German rulers are governing—that is, the Kaiser and the ring around him who forced on the war, the Junkers and the military party." M. Branting, in fact, used similar language to that of President Wilson, M. Ribot, and Mr. Lloyd George. The German representatives at Stockholm could not fail to learn their lesson, and when Herr Scheidemann returned to Berlin he declared that Germany must be "completely democratised." "It is not our enemies but our friends—alas! so few out there—who keep on repeating to us: 'The time has come at last when you must alter your home political conditions. You must show the outer world that the differences between you and it are not so great after all and are not unbridgeable.'""

The sense of political isolation may not affect the German people widely. The majority of Germans may only pay respect to the opinions of the outer world in so far as they are supported by advancing armies. But they are finding reasons enough of their own for dissatisfaction with the existing machinery of government. The prestige

\* *Vorwärts*, June 24, 1917.

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of the Prussian system (as is explained in a subsequent article in this issue) rests on real achievements ; and in the field of foreign affairs it rests on the military glories of 1866 and 1870 and the long series of Bismarck's diplomatic triumphs. But the pride of a young nation was not content with those realities, and a tradition grew up in Germany that the Prussian machine had proved itself practically omniscient in statecraft, practically omnipotent in warfare. Now these beliefs have been assailed during the last three years by a succession of hard facts. The first blow was the entrance of the united British Commonwealth into the war. The anger of the Berlin crowd when the news came was symptomatic of the surprise and disappointment which ran through all Germany. The public had been taught to believe that Britain, though an implacable enemy of Germany and always inciting other States against her, was too decadent and mercantile to take part herself in a Continental war, and that the British Dominions were too distant and self-centred to allow themselves to be embroiled in a European quarrel, if, indeed, they did not take advantage of it to assert their complete independence of the mother-country. How, then, had the impossible thing happened ? Was it sheer ignorance or inept diplomacy ? In any case Prussian statesmanship had blundered. The second blow was the Battle of the Marne. It could not be concealed that the German armies had retreated. Could it be that the Prussian military machine was not invincible ?

Such doubts must have forced themselves on many German minds with growing insistence as the war dragged on. True, if the armies gained no ground in the West, they gained plenty in the East. But yet the enemy did not confess defeat : the war did not come to an end. And then, after heavy fighting and disastrous losses, the line in the West again fell back. Official declarations, profuse and vehement as ever in their assertions of invincibility, began to lay additional stress on the *defensive* character of German aims. The Kaiser no longer talked of a decisive

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victory in the field. Attention was diverted to the submarines. The German navy, it appeared, not the German army, was to win the war. Nor was the promise of the submarines maintained at quite its first high level. The language of Dr. Michaelis in July was more guarded than that of Herr von Bethmann Hollweg in January. The "submarine war" was to make it impossible for England "to hold out against the necessity for peace much longer." All this, to say the least, was very different from 1870. It had been a short, decisive trial of striking power then; it was seemingly a long contest of endurance now. And considering the unremitting pressure of the blockade and the prospect of an American army in Europe, was it by any means certain that time was on the side of Germany?

The process of disillusionment has in fact begun. The situation in the East may still enable the High Command to make a parade of victory; but mere victory, it is said, no longer rouses the old popular enthusiasm. It is victory *and* peace the German people want, and looking at the war-map and seeing so many square miles of enemy territory in German occupation, they wonder why that need must still go unsatisfied. The soldiers have done their part: what are the statesmen doing? A story has been current that while Generals Hindenburg and Ludendorff were driving down the Unter den Linden on July 14, on their way to a consultation with the leading members of the Reichstag, their motor-car was surrounded by a throng of men and women, crying: "Give us peace!" True or false, the story is a representation in miniature of the new attitude of the German people towards their rulers. It not only shows itself in domestic affairs, in the recent agitation for constitutional reform in Prussia. It has now appeared also in the field of foreign policy, the conduct of which has hitherto been left almost without question in the hands of the Government. For the first time a majority of the Reichstag has attempted to exert its will in foreign affairs. The result has been a series of

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dramatic events in Berlin not altogether unlike those enacted in Vienna. The Reichstag reopened on July 5, and it was soon apparent that a majority of the House, consisting of a group of Parties allied for the purpose, was determined to pass a resolution defining the Reichstag's war aims with or without the Government's approval. A political crisis of the first importance ensued. On July 11 the Kaiser issued a decree promising in fuller measure and more definite terms the reform of the Prussian franchise he had foreshadowed in his decree of April 7. Two days later, after consultation with the Crown Prince and the military chiefs (which was regular enough) and a personal colloquy with the leaders of the Reichstag parties, including the Majority Socialists (which was quite unprecedented), he dismissed Herr von Bethmann Hollweg and appointed as Chancellor Dr. Michaelis, a Prussian bureaucrat almost as obscure as his Austrian confrère. Finally, on July 19, the Reichstag passed the war-aims Resolution by 214 votes to 116. The new Chancellor, while he gave the Resolution his somewhat equivocal approval, took occasion to declare that he could not share his responsibility with the Reichstag. "I consider it desirable," he said, "that relations of confidence between Parliament and Government should be made closer by calling to the leading executive positions men who, in addition to their conciliatory character, possess the confidence of the great parties in the popular representative body." But he added: "All this is possible, of course, only on the assumption that the other side recognises that the constitutional right of the Imperial Administration to conduct our policy must not be narrowed. I am not willing to permit the conduct of affairs to be taken from my hands."

On the next day the Reichstag was adjourned till the middle of September. There—for a time—the progress of democracy in Germany rests.\*

\* The political situation in Germany is more fully discussed in the article entitled *The Internal Problem in Germany*.

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For a time only : for in Germany, as in Austria, if the Government has succeeded in surmounting the last crisis, it will soon be confronted by another. In both countries as long as the war lasts the internal agitation cannot be suppressed by Imperial promises or ministerial changes. It will continue with ever-increasing momentum as the toll of losses grows, as the winter months bring their greater hardships to the poor, as the Allied armies tighten their encircling hold. It would be crass folly on our part if we so far counted on the domestic troubles of our enemies as to allow ourselves to relax for an instant our military effort ; but it is not inconceivable that the popular unrest, especially in Austria, might swell at any moment to such volume as to impair disastrously the strength of the Central Powers in the field. Such a possibility, it may be, was in Mr. Lloyd George's mind when, in his speech on August 6, he said, comparing the Allies' steady progress towards victory to the upward struggle of a mountaineer : " No one has any idea —no one in Britain, France, Italy, or Russia, nor in Germany, nor in Austria, how near the top may be."

### III

THERE may be some who, contemplating the growing difficulties of the Central Powers, marking the gradual change of tone in the German Press, and attributing a very positive importance to the Reichstag resolution, are tempted to believe that the war has been won already. There is a simple cure for all such illusions. The most sanguine of such optimists will not deny that our winning of it means the fulfilment of the purposes with which we entered on it. Let him, then, reconsider those purposes (as was attempted in the earlier pages of this article) and squarely face the question whether or not they have yet been fulfilled. Has Belgium been liberated and indemnified ? Have the occupied French provinces been evacu-



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ated, with compensation paid for the wanton damage inflicted on them? Has Serbia recovered her sovereign independence? Has Alsace-Lorraine been restored to France? It may be answered that the Governments of the Central Powers are now willing to concede most, if not all, of these demands. But there is only one certain proof of such willingness—the frank avowal of it. And, however it may appear at first sight, neither the recent declaration of the new Chancellor nor indeed the resolution of the Reichstag really contain that frank avowal.

The essential part of the Reichstag resolution was as follows :

The Reichstag strives for a peace by agreement and for a permanent reconciliation of the nations. The forcible acquisition of territory and political, economic, or financial usurpation are incompatible with such a peace. The Reichstag rejects all plans which strive for economic exclusion and animosities between peoples after the war. The freedom of the seas must be assured. Economic peace alone will render possible a friendly community of life among the nations. The Reichstag will energetically promote the organisation of international law.

The latter part of this declaration, it will be noticed, deals with the conditions of international harmony after the war : it lays down principles which are upheld by none more warmly than by the Allied democracies, and as regards "the organisation of international law" in particular, the Allied democracies are as keenly desirous of its promotion after the war as they were before it, when the chief obstacle to their energetic efforts to promote it was the candidly obstructive attitude of the German Government. But it is the first two of the sentences above quoted which chiefly concern the present theme. Their purport is inevitably vague, and it has been variously interpreted both in the Allied and in enemy countries. But the only interpretation that has any practical importance at the moment is that put upon it by the Chancellor. For the

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Reichstag, as the Chancellor so pointedly reminded it, does not at present control the Government's policy, and whatever terms of peace it may resolve on, they cannot be put into effect unless the Government adopts them as its own. Now Herr Michaelis did not adopt the resolution, nor, on the other hand, did he reject it. In his speech in the Reichstag he did not take the resolution for his text: he proceeded to expound his own programme of war aims; and he made no reference to the Reichstag's programme till his exposition was almost completed. This section of his speech must be quoted in full:

Germany (he said) did not wish for war, and did not strive for expansion of her power by violence. Therefore she will not prosecute the war a single day longer after an honourable peace is obtainable merely to make conquests by violence. What we wish is, first, to conclude peace as those would who have successfully carried through their purpose. . . . A nation of not even 70 millions which, side by side with its loyal allies, has held its place, weapon in hand, before the frontiers of its country against the manifold superiority of masses of nations, has proved itself unconquerable.

To me our aims are clear from this situation. First of all, the territory of the Fatherland is inviolable. With an enemy who demands parts of our Empire we cannot parley. If we make peace we must in the first line make sure that the frontiers of the German Empire are made secure for all time. We must by means of an understanding and "give and take" guarantee the conditions of existence of the German Empire upon the Continent and overseas. Peace must build the foundations of a lasting reconciliation of the nations. It must, as expressed in your resolution, prevent the nations from being plunged into further enmity through economic blockades, and provide a safeguard that the league in arms of our opponents does not develop into an economic offensive alliance against us.

These aims may be attained within the limits of your resolution as I interpret it.

There is nothing new in Herr Michaelis's definition of the main purpose for which Germany is fighting. The word "security" was often on his predecessor's lips, and it can be used to cover a multitude of ambitions. It

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was for the "better security of our frontiers in East and West" and "not from a policy of conquest" that the Six Industrial Associations, in their famous manifesto of March 10, 1915, demanded the retention of military and economic control over Belgium, the annexation of French territory up to and beyond a line drawn roughly through Belfort and Verdun to Calais, and the annexation of Russian territory from the Baltic Provinces southwards. And who can doubt that, if the Allies were willing to make peace on such terms, the Chancellor would justify on the same plea the retention of all the territories now occupied by German armies? Mr. Lloyd George quite rightly, therefore, insisted in his prompt reply on the equivocal character of the speech—"a facing-all-ways speech," "the speech of a man waiting on the military situation."

There are phrases for those who earnestly desire peace—many. But there are phrases which the military powers of Germany will understand—phrases about making the frontiers of Germany secure. That is the phrase which annexed Alsace-Lorraine; that is the phrase which has drenched Europe with blood from 1914; that is the phrase which, if they dare, will annex Belgium; and that is the phrase which will once more precipitate Europe into a welter of blood within a generation unless that phrase is wiped out of the statesmanship of Europe.

If, however, there is no doubt that the German Government will "take all it can get" in the way of territorial "security," it may well be doubted whether with the military situation as it is now and as it promises to be next year it believes any longer that they can "keep what they have." That is why to the old word "security" the Chancellor adds a new word *Ausgleich*. He proposes that the belligerents should forthwith settle their dispute by striking a bargain, by a process of "give and take." And, vague though his language is, the general terms of the bargain he has in mind are clear enough. 'The Allies' contribution is to be first, the cession of strategic areas in Europe—for that is what the "security" for the existence of the German Empire upon the Continent

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must mean: secondly, the restitution of the German colonies, with the addition, perhaps, of other territory in Africa—for the “security” for the existence of the German Empire overseas might well mean that\*: thirdly, the concession of such favourable commercial treaties as would incapacitate the Allies from maintaining their present control of raw materials after the war to Germany’s disadvantage—for that is clearly the meaning of the Chancellor’s reference to “economic blockades” and “an economic offensive alliance.” And what is the German contribution to the bargain? It can be nothing but the evacuation of territories now occupied by German armies.

To any such proposals the British peoples can never consent. It is not only that they regard the Allies’ economic control as a weapon of war like their armies and navies, and will not pledge themselves to drop it till the war is ended. Nor is it only that they can never agree

\* The views held as recently as last June by Professor Delbrück, who has always been more “moderate” than the Pan-Germans, are worth noting. Instead of annexations in Belgium and France he proposes that “Germany should secure a great colonial empire in Africa.” “If our victory is great enough we can hope to incorporate the whole of Central Africa together with our old colony in the south-west—Senegambia, Sierra Leone, the Gold Coast, Dahomey, the populous territory of Nigeria with its harbour Lagos, the Cameroons, the rich islands of St. Thomé and Principé, the French and Belgian Congo, the promising country of Angola with its excellent harbours, the mineral district of Katanga, Northern Rhodesia, Mashonaland, Moçambique with Delagoa Bay, Madagascar, German East Africa, Zanzibar, Uganda, the Azores, with the great completed harbour of Porto Delgado, a most important and much-frequented coaling station, and Horta, a main centre of the transatlantic cables. In the Atlantic Ocean there are very few points offering such strategic, geographical, military, and naval advantages as the Azores once they passed into the hands of a strong naval power, writes Hans Meyer (*Deutsche Politik*, No. 20). To-day they belong to Portugal who is at war with us; Portugal also possesses the Cape Verde Islands with their chief harbour, Porto Praia, one of the most frequented coaling stations in the East Atlantic. All these territories together have over one hundred million inhabitants. United in the hands of a single Power they would offer immeasurable possibilities, since their various products and characteristics supplement one another. They are rich in natural products, rich in possibilities of settlement and profit, rich in manpower, such as could be made available not only for labour but for warfare.” (*Prussische Jahrbuecher*, June, 1917.)

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to traffic in the welfare of millions of native peoples, to hand them about "from potentate to potentate as if they were property," and to settle "who shall be the trustees of these uncivilised lands," without taking into account "the sentiments of the people themselves," but only regarding the wishes of a Government that has yet to learn the theory of trusteeship. These questions are altogether subsidiary to the question involved in the German share in the "give and take." And on that question the British peoples can never admit even the possibility of a bargain. They can never regard the liberation of the occupied territories as a question of compromise or a medium of exchange. It is plain to them that the rulers of Germany are offering what is not in their right to give. They are trying to bargain with stolen goods. It is not by such a process, they argue, that law-breakers are compelled to right, as far as they can be righted, the wrongs they have committed.

Thus the Chancellor's proposal, so far from bringing the combatants nearer together, serves to reveal anew the breadth of the gulf between them. But if the policy of the *Ausgleich* is wholly useless as a basis for peace negotiations, it can be used to quiet the growing agitation in Germany against continuing the war for the sake of conquest. This policy, it is urged in effect, is not a policy of conquest. Germany, it is true, acquires territory by force of arms, but, "fraternising" with the Revolutionary principle of "no annexations," she does not annex it. She exchanges it "by means of an understanding" for other territory and for economic concessions. And this final process, it is suggested, can scarcely be described as the "forcible acquisition of territory" repudiated by the Reichstag. "These aims," says the Chancellor, "may be attained within the limits of your resolution *as I interpret it.*" Nor can there be any doubt that the Reichstag approves the policy of the *Ausgleich*, and that, on this point at any rate, its own interpretation of the resolution coincides with the Chancellor's.

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Such, then, is the answer to anyone who might be tempted to believe that the German attitude is no longer any real obstruction to the fulfilment of our purposes. The *Ausgleich* does not mean the restoration of Belgium and the French provinces and Serbia, still less the payment of indemnities for injury. It means their sale, and the only indemnities are the payments which the Allies are to make for them. Nor would the German Government itself suggest that it means the restoration of Alsace-Lorraine. The Chancellor's allusions to the frontiers of the German Empire rules out the *Reichsland* from the bargain.

And what of our final purpose? Can any "give and take" peace ensure the destruction of the military domination of Prussia? It is just because it cannot that the rulers of Germany are pressing for an *Ausgleich* now and will press for it with increasing urgency, and, maybe, with a gradual lowering of their terms, throughout the coming winter. For if only they can retain some of their present war gains or exchange them for other gains, they can still hope to preserve the mainspring of the Prussian system—its prestige. At an earlier and more hopeful period of the war Prince Bülow wrote as follows:

In view of the ill-feeling against us which this war is bound to bring in its train, the mere restoration of the *status quo ante bellum* would mean for Germany not gain but loss. Only if our power, political, economic, and military, emerges from this war so strengthened that it considerably outweighs the feelings of enmity that have been aroused shall we be able to assert with a clear conscience that our position in the world has been bettered by the war.\*

The masters of the Prussian system may no longer hope to achieve such drastic alterations of the *status quo ante bellum* as were probably in Prince Bülow's mind two years ago, but for some increase of Germany's strength, some betterment of her position in the world, they must still hope and go on hoping till by the breakdown of their military power they are forced at last to confess themselves impotent to

\* *Imperial Germany* (2nd Edition), p. 18.



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attain it. For if at the end of the war they have nothing to set against its appalling sacrifices, their last chance of saving Prussian absolutism from the rising forces of democracy in Germany is gone. But if, on the other hand, they can point to any substantial profit from the war, to a rectification here or there of the German frontier, to commercial treaties exacted from the enemy like the Treaty of Frankfurt in 1871, to a wider place at last acquired in the tropical sun, they can claim to have achieved, in part at any rate, the aims for which they went to war: they can claim to have enforced the German will against the will of almost the whole world. Above all, they can point to the unquestionable triumph of their absolutist system against a league of democracies, vastly superior in man power and material resources, and leave the German people to draw the obvious moral. Thus perhaps, and only thus, could the German people be persuaded to drop their agitation for democracy as they dropped it sixty years ago, to leave the control of foreign policy and the army in the hands of the militarist *régime*, to allow the "great decisions" to be made, as of old, not by resolutions of the Reichstag but by the Kaiser and his military chiefs.

If that were indeed the outcome of this war in Germany one thing can be predicted with reasonable certainty—another war. The events of the last three years have by no means wrought a "change of heart" in Prussian militarism, nor persuaded its leaders to abandon the great Hohenzollern tradition of conquest. They might perforce content themselves for the moment with a peace of "give and take." General Ludendorff himself is known to have promised an early peace. But he promised also a renewal of the war in ten years' time. And in ten, twenty, or thirty years' time the military chiefs of Prussia would doubtless find a way to do again what they did in 1914, if only they could retain their irresponsible control of German policy and German power. Doubtless also they would do it better. They would strive by every means to break up



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the present combination of their enemies and to undermine the unity of any league of nations into which it might develop. Meantime they would consolidate the offensive power of Central Europe : for the triumph of Prussianism in Germany would mean its triumph also in Austria-Hungary, in the Balkans, in the Turkish Empire. And so at last, with a new generation of soldiers, with still more ingenious and devastating methods of scientific destruction, with vast stores of cotton and copper and all those materials necessary for warfare the supply of which from overseas the British Navy might again succeed in cutting off, and finally with a great fleet of submarines, they would make a second bid for the mastery of Europe and the world.

It is easy to imagine the bitter disappointment of the British people if they should find themselves, in the course of a generation, caught once more in the old network of international antagonism—their plans for social welfare crippled, their liberty itself confined, by the inexorable needs of self-defence, and their dreams of a new Europe, where freedom and public right should be enthroned as the guardians of peace instead of power and ascendancy, shattered once more against the Prussian will to war. With what anger and remorse they would look back at their failure, after so many sacrifices patiently endured, to make the one last effort needed for the freeing of the world ; at their willingness to compromise between honour and dishonour, between victory and defeat ; at their betrayal not of the destinies of Britain only but of the hope of humanity. It is needless to dwell upon that intolerable prospect. The British people are resolved to fulfil the purposes with which they entered on the war, and they have not lost their special quality of perseverance. They will endure till Prussian militarism is defeated and discredited, till Germany is "made powerless or made free," just as their forefathers endured through a struggle far more protracted and far richer in checks and disappointments till the military domination of Napoleon was wholly and finally destroyed.

## ✓ THE INTERNAL PROBLEM IN GERMANY

IT is a sound instinct which had led not only our own nation, but impartial observers in neutral countries, to put in the forefront of our controversy with Germany the nature of the internal constitution of that country, and to insist that if we are to enquire for the ultimate cause of the present war, it is to be found in the character of the German Government. As an evident corollary to this there follow the recognition that there is no security against a similar catastrophe in the future except in a change of the German Constitution, and the demand that in one way or another such a change must be brought about either before the war is concluded or as an integral part of the final settlement. It is not necessary perhaps that this should be actually embodied in the terms of peace, but it is necessary that Europe should be assured that the form of Government which has made the war possible should not continue.

This has led to the demand for what has been called the democratisation of Germany; it has taken many forms. The most popular is the cry, "No peace with the Hohenzollerns"; it has been given a more statesmanlike aspect by the statement of the Prime Minister that we should approach Germany in a very different manner if we had to do with a Democratic Government. Others have demanded that the terms of peace must be ratified by the nation and not simply agreed on with the Government. Some have gone so far as to put forward as a war aim even the dissolution of the German Empire and the restoration of the Germany which existed sixty years ago.

## The Internal Problem in Germany

It is proposed in this article to make some attempt towards an analysis of the real political and constitutional condition of Germany, with the object of investigating what is, in fact, the present form of Government, what is the attitude of the Germans themselves towards it, and what changes in it are possible and necessary for the future security of Europe.

### I. PRUSSIA AND GERMANY

IT is not in the letters and paragraphs of a written constitution that we must seek for the true life of a nation. We know this of our own experience in our own country, but we are apt to forget that this is not an accidental local phenomenon, but a universal law of world-wide application. A constitution is only of value when it embodies and sums up results which have already been attained in practical political life. No formal paragraphs can confer either on King or Parliament the power of ruling a country unless they have the will and capacity to do so. If we wish to explore the secret of the political life of any community, our search must not be limited to the legal documents, but we must find out where resides the power of action, the resolution to govern, the courage and persistence in execution. In every State which is worthy of the name, and which has the tenacity to carry on from generation to generation (and among all qualities of a State surely the most important is this of permanence), we shall, when we get to its life centre, find some principle or power which seems to exist almost as a living creature exists, and is a guiding and living principle that gives life to the whole organism. In France we have that centralising, ordering, arranging, civilising power which has for a thousand years emanated from the City of Paris and by which, century after century, the whole of the modern territory of France has been fused into a single entity—a principle which has

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survived all the catastrophes of Europe, so that in a way we can feel that the France of to-day, the France of the Revolution, is identical with the France of the *Grand Monarque*, and even of St. Louis. In England we should be ever conscious that the principle in obedience to which the nation was created remains the principle on obedience to which its strength and unity must always rest—the rule of law, built up by the Norman kings, developed by the Plantagenets, strengthened by the Tudors, changed and popularised by the Great Rebellion, still controls the whole life of the nation. Every nation is the creation of conscious and deliberate human effort ; that by which it is created is that by which it continues to exist, and when this vital principle is removed then the nation falls in pieces.

If we are to understand modern Germany, the first thing which we have to remember is that this work of nation-making has only just been completed. Germany is in the stage in which England was under Edward I., or France under Louis XI. ; and just for this reason the vital element is more obvious and obtrusive than in other and older States in which it has been swathed round and obscured by the concretions of centuries. And what is it by which the nation has been created ? Surely the process has been exactly similar to that which in bygone periods we know of in other countries. As a mere historic fact in all the great European States unity has been attained through the sense of loyalty to an hereditary kingship. It is the court of the king, the power of the king in war, the authority of the king in maintaining civil order, to which France and England owe their existence ; and that which was done in bygone centuries by the House of Valois and the Bourbons, by the Plantagenets and the Stuarts, has also been done in our own day by the House of Hohenzollern. All that they have done is precisely similar in kind. Round their court has been built up the army, civil service, courts of law and principles of

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administration. The essence of modern Germany is to be found—as the Prussian historians, in what to us is wearisome reiteration, have told us—in the nucleus of authority created by the early electors of Brandenburg ; and it is from the Mark of Brandenburg that the influence and control of the institutions they created has spread, with a persistence which has in it something of epic greatness, over the whole of the rest of Germany. It is this and this alone that has welded together this crude, amorphous mass into a conscious, living, self-reliant, political entity. And the instruments by which this has been done are closely parallel to the instruments which the other state-creating dynasties of Europe have used—the army, the civil administration and the law courts.

If we are to understand the modern feelings of Germany towards Prussia we must keep these great historical facts in mind. There is much talk as to whether men like Prussia or dislike it. It may be suggested that from one point of view this is supremely unimportant. What is important about Prussia is not the question merely whether it is attractive and amiable, but its strength and its power. If we look over the history of Germany during the last century, we are always conscious of a great question which was then being debated. The national forces of Germany demanded, and rightly demanded, a national State. The real point at issue was whether this should be established in the form of a new creation springing out of the spontaneous forces of cohesion, which would drive all the different parts of Germany together in a process like the crystallisation of minerals which have been contained in diffusion in a liquid, or whether the change should take place by accretion round the existing Prussian State. It was this problem which was in fact fought out throughout the years following the expulsion of the French, and it was this which came to a head in the two decades after the year 1848. The real crisis was in the year 1848. It was then that in a moment of enthusiasm

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the words were proclaimed: "Prussia is dissolved in Germany." They were untrue. The attempt was made to create a Germany without Prussia, and it failed. The forces of cohesion were not strong enough; the will and power required for State creation were not there; the Parliament of Frankfurt met and talked and resolved and made a constitution, and then its members gradually dropped away, and it left—nothing. Prussia remained unchanged, unshaken, and when the year of anarchy was over it was the Prussian armies who marched from Berlin to Saxony and Baden to re-establish authority. Again, in 1866 it was the Prussian armies who conquered Germany. It was not 1870 but 1866 which was the turning year of German history. Hanover, Saxony, Württemberg, Bavaria, every one of these was prostrated before the power of Prussia, and it is by this means that Germany was created.

There is a certain school of German political writers who in their desire, a desire with which we completely sympathise, for a reform of German institutions fix their eyes on this fact and draw from it the deduction that Germany has been diverted from the right track: they regret that the revolutionary movement of 1848 failed, they deplore the direction given to German public life and public thought by Bismarck, and they come to the conclusion that they should adopt the cry: "Los von Bismarck." They would undo his work and start again on other lines. But the work of the past cannot be undone, the failures cannot be made good. Germany has not been created by its own efforts, but by Prussian conquest, and all talk of going back to the past is futile. Especially in such a time as the present we have to do with what is, and what is includes united Germany, hard, compact, a living, conscious political entity, such as is France or the United Kingdom—a Germany the capital of which is Berlin and the binding elements in which are the Prussian army and Prussian administration.

The work of Bismarck cannot be undone. We may

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approve or disapprove of it, we may discuss it as we discuss the French Revolution or the English conquest of Ireland ; but there it is, there it stands, and from it we must make our start. If Germany is to be democratised it is not by going back to the past : it is by accepting the present and making that the beginning for further progress.

That which the Germans feel, and rightly feel, is that the existence of the nation depends on the strength and continuity of the Government that has been established at Berlin. Whether they like it or not is a matter of quite subordinate importance. There is much in it that they may and do wish to modify and improve, and they will do much to bring about changes in it. But these changes are secondary ; they can only be made in that which exists, and with the destruction of it there would be mere anarchy and destruction. Germany is and will remain Prussian, and from a revolution, if there was a revolution, it would emerge, it may be, altered and purified, but it would still be Prussian. Let us never forget that the strongest party of opposition—the Social Democrats—are in their spirit as Prussian as any Berlin bureaucrat.

Nor is the monarchy the essential point. We may do what we wish with these Hohenzollern princes, but that will matter little. The crown was torn from the decadent son of Edward I., and he ended his days by a miserable death in a dungeon ; the descendants of Henry of Navarre were dethroned and executed, but none the less Edward I. and the founder of the Bourbons remain. The names and examples of Frederick the Great, of the Great Elector, of William I. would shine all the more brightly if they were not obscured and dimmed by less worthy successors. These things are and will always remain. So long as there is a Government at Berlin the shades of the great king and the great minister will brood over and inform it. The living tradition will be handed down from father to son, and from general to general, from Geheimrath to Geheimrath. Stuarts may



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be succeeded by the Commonwealth, and the Commonwealth by the Restoration, the Whig aristocracy by the democracy of our own time ; but ever behind them all there is the inspiration of the great names, of Elizabeth and Cromwell and Chatham and Pitt, and behind all the trappings of modern life there is, as external observers see perhaps better than we do ourselves, the hard, unbending character of which our modern statesmen are the exponents as truly as was Burleigh.

### II. THE LIBERALISM OF PRUSSIA

THE Germany we have to deal with is, then, a Prussianised Germany, a continuation of the old Prussian State, enlarged and in some ways modified, but remaining in its essence that which Prussia has been ever since this great reorganisation which took place in the early years of the nineteenth century. What, then, is this Prussia ? What is the *éthos*, the character of the State ? In order to answer this question it will not be sufficient to dismiss it with the customary words of criticism and disparagement—it will not be sufficient to say that it is military, feudal, medieval, reactionary. For no one can understand modern Germany unless he distinguishes two elements, both of which are represented in the Prussian Government, but which, closely connected though they may be, are in fact different in character and have often been at open variance. Prussia is spoken of as the home of reaction. It may be so, but let us recollect that in the past Prussia has often been regarded—and regarded with truth—as a great Liberal State. In one way nothing is so incorrect as to speak of Prussia as medieval. To do so is to ignore the most important and prominent qualities of Prussian administration. Medievalism there is, indeed, as there has always been, in North and North-Eastern Germany ; but if we mean by medievalism the feudal power of the

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nobles exercised over the peasants, the maintenance and recognition by the State of the differences between the social classes, of the nobleman, citizen, peasant, the continuation of patriarchal jurisdiction exercised by what we call the manorial courts, what the Germans call the *Rittergutsbesitzer*, then we must recognise that Prussia has been the chief enemy of medievalism. If we want to find true remnants of the old medieval society we must go, not to Prussia, in which the nobles have been subjected to the all-controlling power of a great administration, but to a State such as Mecklenburg, in which the Government is still in the hands of the nobles, and in which they still maintain many of their old privileges on their estates. The whole history of Prussia has been the subjection of the landed aristocracy to the Government and to the Central Institutions; but the essence of medievalism is local privileges. Prussia is not a medieval but a modern State. It is the offspring of the eighteenth century; it was formed in the age of reason under the ideal of the enlightened ruler. It is the ordering, arranging, systematising of a highly educated bureaucracy which assimilates and uses for public purposes all the products of modern science. It is government by applied intellect.

At this moment it is natural that men in thinking of Prussia should turn their minds first to the military and monarchical side of the State; they would do better to begin with the internal administration, for it is on this that the real claim of the Prussian and the German Government to the allegiance of the people and the admiration of the world is made. If we challenge any educated German for a comparison between his own Government and that of any of the other great civilised States, he will at once accept the challenge and point out the great achievements of his own country—achievements in law, in finance, in commercial, industrial, and social legislation. He will refer us to the great work done by Frederick the Great in the eighteenth century by the codification of the Prussian

## The Liberalism of Prussia

Law ; he will point to the land legislation of Stein and Hardenberg, to the self-government instituted in the cities, to the institution of compulsory education ; he will go on to point out that it was the Prussian Government which was the first to adopt the principles of free trade, and the same Government which, by the establishment of the *Zollverein*, made possible for the first time the industrial development of Germany. And he will point out that this work has been continued with unceasing diligence since the establishment of German unity. From the very first years of the Empire it undertook with confidence and success the great task of bringing system, order, and intelligence into the internal affairs. A defender of the German system would refer us to the reform of the coinage, the revision of banking laws, the careful system of internal communication by railways and canals, the great success which, notwithstanding the complications introduced by the federal system of the Empire, has attended its financial policy ; and in particular he would point to the great scheme for social legislation and State insurance which has become a model for every other civilised country ; and he could end up by pointing to what is in truth the most striking outcome of legislation, the introduction of a common legal procedure throughout the Empire and the codification of the Civil Law.

The catalogue of legislative work is indeed an impressive one, and as we inquire further we will find that in nearly every case this legislation may well claim the title of Liberal. Liberal perhaps in the continental rather than the English sense, for we must always recollect that what Liberalism means upon the continent of Europe is first and foremost profound antagonism to anything in the nature of clericalism, and especially catholicism. Secondly, and closely allied to this, a continued struggle against the privilege of the nobles and what we may call the romantic doctrine which regards society as an organised structure consisting of separate estates. It is opposed to the doctrine of the King by the grace of God, and regards with profound intellectual

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contempt the smaller German States with their paraphernalia of monarchy. Above all, it desires centralised modern institutions. It is this form of Liberalism which in Germany has especially been represented by what was formerly the great National Liberal Party. As it has been expressed by a well-informed observer, they look upon the nation and the country as a great business concern, a syndicate; they desire the most competent management, and naturally desire also an expansion in the wealth and power of the firm. This view is very largely held by men of business, bankers, leaders of industry, capitalists of all kinds, and we must remember that German Liberalism has always been closely allied with capitalist industries. Liberalism of this kind is in many ways anti-democratic, and it is entirely without sympathy for the sentimental side of democracy which has recently become so prominent. Now it is in this sense of the word that we are justified in calling the Prussian administration Liberal. Liberal indeed, but anti-democratic; Liberal, but with little regard for the personal liberty of the individual. The state of society to which it looks is not one such as that which we in England value so highly—one in which each man goes his own way, living his own life, unregulated perhaps, but uncramped, free from Government interference and control—but rather one in which his course is laid out for him by a wise, beneficent, and all-seeing administration—Liberal perhaps, but authoritative.

Now between this Prussia, the Prussia of the enlightened bureaucracy, and parliamentary institutions there is no insuperable incompatibility. The relations between the Parliament and the Government offices will be different from that which we have in England—different, among other reasons, because in Prussia the Government offices were there in full power and activity long before Parliament had been thought of. There would therefore be less insistence than there is in England on the absolute control of Parliament, but there could be, perhaps, more intelligent

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co-operation. And, in fact, we find that this co-operation was soon established between the Government and the newly established Reichstag. In all the great schemes of legislation by which modern Germany has been fashioned the Reichstag has always played an important and sometimes a major part. The Liberal legislation in the first years of the Empire was carried through with the assistance of the Liberal Parties, which then had the majority ; it was often inspired and even initiated by them. And though during more recent times the Government in their new economic and social legislation have depended to an increased extent on other parties and the great influence of the Liberals has died away, that of Parliament has always been effectively exercised. The forms are different from those of our own Parliament ; much of the work, and often the best of the work, is done in committees, and has therefore to a great extent been withdrawn from public knowledge. But the Reichstag can justly claim that it has taken a great share in the building up of modern Germany. On the whole, this co-operation of the Government and the Reichstag, though it does not satisfy the desires of some political parties, does, so far as we can judge, satisfy the nation. In home affairs things appear generally to go well. Much good work is done ; the nation has been prosperous, and though Parliament has not the full sovereignty, it is able to check, and often has checked, legislative proposals distasteful to large sections of the people.

### III. THE PRUSSIAN MONARCHY

**B**UT the Prussian Government has a double aspect. So far we have said nothing of the King, who has now become the Emperor. It has not been necessary to do so ; in the internal government of the country, in the management of the departments, in the political matters dealt with by legislation, the King in fact has little to do. And let

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the King, the Emperor, be removed, and the great machine of administration will continue its work. His absence would hardly be noticed. In matters such as the establishment of the Customs Union, the Reform of the Currency, the great Economic Revolution, even in social legislation, in the codification of the law—*i.e.*, in all that has enabled Germany to take the place it held before the war as a model State to which men went from every country to study its organisation and institutions—in all this if the Emperor has had indeed any share it has been that of a constitutional Sovereign, and so far as these matters have been referred to him for his decision, this has been given necessarily on the advice and report of his Chancellor or his Ministers.

There is much exaggeration in all that we hear about the Hohenzollerns. The picture has been assiduously spread about in Germany, and from Germany it has made its way to England, of this great ruling family to whose inherited virtue are due the merits of the Prussian and the German Government. This is in fact far from the truth. For the last hundred years the part played by the Kings in the machinery of the State has been small. Too often the personality of the Sovereign has been a mere impediment, as was, indeed, the case with Frederick William III. and Frederick William IV. during the whole of their reigns. Remove the King, remove the Emperor, and three-quarters of the work which has been done in Germany would have been untouched. This would not, it is true, have applied to the eighteenth century; then and earlier the first Prussian Kings were, as were the Electors of Brandenburg, the working rulers of their own dominions; but for the last century, though there has been much talk of the Great Elector and Frederick the Great, it is not to them that in fact the Prussian monarchy has gone for its inspiration. It is not in the eighteenth century, it is in the early years of the nineteenth century that we must trace the spirit by which the Prussian Court is inspired. It springs from the reaction

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against the revolution ; it has learned and has never forgotten the teaching of the romantic movement ; it is not a true medieval monarchy such as that of England which has been intertwined for centuries with the changing life of the nation ; like all that springs from the romantic movement, based as it is upon sentiment and illusion, it is suspicious—often timid, embarrassed, and always on the defensive. It is to this period, to the years after 1815, that we owe the fantastic doctrine of the King the representative on earth of the Deity, the King by the grace of God, the doctrine of Lemaitre and Bonald and Charles X. ; not the expression of the natural instinct of a people steeped in medieval Christianity, but the deliberate creation of intellectuals who are striving to combat the forces of Liberalism, democracy, and revolution.

This new doctrine of the monarchy, without historical foundation and antagonistic to all modern thought, was that which Prussia and Austria tried to press upon Germany during the years which followed the restoration, and this has been carried on from the old Germany to the new. It is the doctrine which will put obedience to the King above patriotism to the Fatherland. A short time ago a curious illustration of this was given us in Dresden. During a debate in the House of Representatives it was seriously pointed out that the motive which inspired the Saxon army in this war was not so much loyalty to the King as attachment to their country. The truth of this was acknowledged and regretted. What can we say of the blindness of men who would ever have allowed this antithesis to be put forward ? As soon as respect for the King is separated from and placed in opposition to love of country is not the monarchy doomed ?

Now in Prussia and in modern Germany there are certain departments of the State which have deliberately been withdrawn from even that moderate control of the Reichstag which has been established in other matters and reserved as the peculiar prerogative of the King and



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Emperor. These are foreign policy and the army. The secret of German constitutional history during the last forty years has been that every effort of the Reichstag to establish itself as one of the dominant factors in the government of the country has been deliberately checked and thwarted for fear that it might extend its power over that which is regarded as the proper domain of the Emperor.

But it is not only the internal position in Germany which has been distorted, it is also the international position. It is impossible to read over again the history of these years without coming to the conclusion that the German people have been deliberately taught a specific and wholly false view of European relations in order to make them believe that the safety and very existence of the country depended upon the management of foreign affairs and the control of the army being left in the hands of the King and the Chancellor appointed by him, freed from any control or supervision of Parliament. What has been the doctrine which was constantly taught to the people not only by Bismarck but by his successors? It was that Germany, situated as she was in the centre of the Continent of Europe, was confronted on either flank by a powerful and jealous enemy, that they must be always *en vedette*, that any relaxation in the armaments of the Government would at once be followed by the creation of a coalition which would be fatal to the country. And as a corollary to this there was drawn the conclusion that the army was something too important, too sacred, to be entrusted to the wavering and uncertain hands of a parliamentary majority. The classical expression of this great issue is to be found in a speech of Bismarck's during the Army Debate in 1887:

If we dissolve, then we do so not because of the mere question of time (whether the increase should be voted for three or for seven years), it is on the question of principle, whether the German Empire is to be guarded by an Imperial army or a parliamentary army. That is what we write on our banner at the dissolution, whether the

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changing majority shall determine every two or three years whether Germany is to retain her army according to the principles laid down in the constitution, or whether it can be reduced.

This was the question put to the people. The answer was a vote of confidence in the Government ; it was against the Reichstag—it was for the monarchical control of the army. That was the answer given then, and at every subsequent election at which a similar question has been put. What other answer could be expected if the account of foreign affairs by which this speech had been prefaced were indeed the true one ? But was it true ? Is it not rather the case that the danger from without was deliberately called into being in order to make it appear that the increase of the army was necessary, and was not the whole conflict arranged not because of any real pressure from outside but in order that a fictitious danger might be used to preserve the monarchical supremacy ? For now, looking back to those days, will anyone believe that, if the Army Bill of that year had not been carried, France would have made an unprovoked attack upon Germany ? Boulanger himself owed half his notoriety to the advertisement that Bismarck gave him. What is this whole doctrine of the armed peace under which Europe has been suffering for a generation ? Is it not a false, and wilfully false, reading of the condition of Europe, sedulously taught and propagated in order to persuade the German nation that they were so closely surrounded by enemies that their only hope of safety was to keep their sword sharp and ready, and as a means of this to leave the sole control of the army in the hands of the Emperor ? Had the answer to the Bill of 1887 been different, had the decision been to establish the right of the Reichstag to keep the same control over military expenditure and military legislation as it did over civil affairs, would the result have been a war and the destruction of Germany ? Far from it. The only result would have been the relaxation of the tension throughout

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Europe ; the constant outbidding of one another by the War Offices and General Staffs would have ceased ; in every country the military expenditure would have been diminished and the drift towards war would have been stopped.

Since 1870 Europe has passed through a constant succession of alarms and panics. Each one of these has been followed by an increase in the German forces and a corresponding increase in the armies of other States. This period differs from the preceding period from 1850-1870, for in the earlier years there were in fact important questions involving the existence of nations which could scarcely be settled in any way but war. No peace was possible on the Continent of Europe so long as Italy and Germany remained ununited. But in this latter period we can find no similar question. There was no longer, as there had been before, a problem which could not be postponed and to which war was the only solution. Why then did the crises occur ? It is impossible now to read the record of these years without seeing that they were to a great extent fictitious. It was always represented in Germany that the Army Bills were necessary to meet some external danger. Would it not be truer to say that the external danger had to be invented or created in order to make an excuse for the Army Bills ? The proper function of an army is to be an instrument ready for use in the last resort as a weapon of foreign policy ; in Germany foreign policy has been used as an excuse for making the army necessary. And why was the army necessary ? Because if it no longer existed as the prime and central pivot of the State, then it would no longer have been possible to place the Emperor-King above all else in the State as the God-appointed man in whose hand was the sword, the sole defence and bulwark of the country.

And it is to this that is also due the spread of the creed of war. Why, when every other nation was striving to secure a stable peace, was it reserved for Germany alone to preach the doctrine of armed supremacy ? Why but

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because this was inextricably bound up with the constant internal struggle? Once the German people were allowed to believe that, if they wished, the world in its international relations could be guided by reason, compromise, agreement, justice, then the inevitable conclusion would have been drawn, as it has in every other country, that the conduct of foreign affairs could with advantage be entrusted, as it is elsewhere, to those conversant with these things. It would no longer have been the Emperor in his capacity as head of the army who would have had the decisive voice; it would no longer have been the leaders of the army, the strategists and the generals, who would have been called to his privy councils; it would no longer have been they who would have told him when the time had come that the councils of patience and moderation should be discarded and that the sword should be unsheathed.

The ultimate truth is this: it was not the dangerous foreign position that made it necessary to maintain a great army; the foreign danger had to be kept alive in order that the army might still be maintained, and with the army the whole social structure of which the army is the basis and the Emperor the centre.

### IV. GERMAN POLITICAL LIFE

IT is the maintenance of the monarchical system in Germany which has envenomed the whole national situation, and it is this also which has prevented the normal development of constitutional government. When the Empire was formed the Liberal Parties fought hard for an extension of the political powers of the Reichstag. They could not get all that they desired, but they acquiesced in the situation, believing, as it was natural for them to do, that with the process of time there would take place a development in the Liberal sense similar to that which has taken place in other European States. In this they have

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been disappointed. On the whole the position of the Reichstag has deteriorated rather than improved, and in particular its power and influence in the country is probably less than it was. If we compare Germany now with Germany forty years ago, we do not find politicians wielding the authority and exercising the influence which belonged to men such as Bennigsen, Windhorst, Lasker, and Richter. It may be said that now, outside the Socialists, there is not a single member of the Reichstag who carries political weight and authority beyond the narrow group of his own political adherents. What is the cause of this decadence? The theory generally put forward in Germany is that it is to be attributed to some fundamental defect in German intellect and character. We are told that the Germans are particularly deficient in practical political sense, and the conclusion is drawn that they cannot be trusted, as men of all other countries are, to manage their own affairs. They are children in politics, and they require, therefore, the guiding and helping hand of the Emperor and the Chancellor, and the Chancellor is to stand towards the people not as a trustee chosen by them, and therefore if he fails in his position to be dismissed by them, but as the mere representative of the Emperor, who presides over the destiny of his people with the irresponsible authority of a *paterfamilias*.

This is a doctrine to which Prince Bülow has proclaimed his adherence, and he has devoted a singularly offensive chapter in his study of modern Germany to the exposition of the theme that the political incompetence of the Germans makes it impossible to entrust them with the management of their own affairs. He points out, quite justly, that one characteristic of modern Germany is the narrowness of party loyalty: "Our party system has inherited the dogmas, the small-mindedness, the moroseness and the spite which used to thrive in the squabbles of the German tribes and States." "We have small parties which are sometimes formed for the sake of very narrow

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interests and objects to carry on a struggle of their own which it is hardly possible to include in the affairs of the great Empire." \* So far as this criticism expresses the facts of modern German political life it is undoubtedly true; but might it not be suggested that Prince Bülow errs when he attributes this to some immutable character in the German nation—an explanation of a kind common enough among superficial thinkers, who will always fly at once to a large general idea in order to explain some small phenomenon which puzzles them?

A study of German political life since the establishment of the Empire may suggest another explanation for the facts which he describes. Right judgment in political action, political sense, tact, quickness of apprehension, the instinct which guides an individual, or a party, or a nation, all these can come only from experience, and experience can come only from responsibility. When Prince Bülow says: "We are not a political people. . . . What we often lacked is the . . . art of doing the right thing politically from a sure creative instinct instead of only after much thought and considerable cogitation," and when he goes on to show that German political thought has run into academic lines so that Germany can boast of a particularly flourishing state of political science, and especially of political economy, but that on the other hand "there is an obvious disproportion between our knowledge and our power, and that the influence of deep learning on practical politics is seldom felt," is there not a very much simpler explanation of this than that which he puts forward? How does he expect that the Germans would have attained these qualities, the absence of which he regrets, except by prolonged experience, the experience which can only come from responsibility?

It is indeed very instructive to contrast the nature of political parties in Germany with those in England. In England a political party is ultimately a union of men joined

\* *Imperial Germany* (Second Edition), p. 171.

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together for the attainment of definite objects by close political association. It is created essentially for parliamentary action, and as the government of the nation is in the hands of Parliament, if a party is strong enough to command a majority in Parliament its end will be attained. In Germany this governing condition is absent, because the control is not in the hands of Parliament ; Parliament may wish, but the Government decides. The inevitable result is that the bond of union between the members of the party is to be found not so much in a definite object which they wish to attain but in adherence to some abstract principle of thought. How different is the position in English politics is clear from the history of the great parties. The Liberal Party, for example, has always been able to associate together and keep within itself men who in the nature of their thought, their attitude of mind, their home influences, are very divergent from one another. It was the stress or the necessity of common action, and this alone, which enabled or compelled men so far apart as, for instance, Lord Melbourne, Lord John Russell, Lord Durham, Mr. Grote and Mr. Hume, to co-operate with one another, just in the same way as nothing but the insistent call to carry on the war could hold together the members of the present Government. With the rapid development of democratic ideas in the course of the nineteenth century, the fissiparous tendency naturally pressed with greater force on the party of change and reform. The strain was always felt ; rupture was often imminent, and at an exceptional crisis, such as that created by the introduction of Mr. Gladstone's first Home Rule Bill, rupture occurred. But generally the cohesion of the party was maintained, and this was because the leading members of it were either sitting together in the Cabinet administering the affairs of the nation, or because even when in opposition they were always conscious that the time would sooner or later come when they would have willy-nilly to bear these joint responsibilities.



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It is impossible to over-estimate the value of the political training which comes from such association. And this is what Germany has altogether lacked. There has been no common action springing from common responsibilities, and, as a result, there has been no restraint on the division of parties. If to-day we have, for instance, the National Liberals, the Freisinnige, the Volkspartei, and the Majority Socialists, each with their separate group, each insisting in season and out of season on the particular principles and theories which that group has been established to maintain, the real cause must be found not in some peculiar perversion of the German intellect. Rather the perversion of the intellect is a result of the circumstances. Given German conditions, the outcome is inevitable. Men will more and more insist on abstract principles ; their speeches will become academic ; parties will become societies of theorists ; and the men of practical ability, real political insight, and energy will become less and less inclined to devote their lives to the empty thrashing of parliamentary husks.

### V. THE COMING CHANGE

THERE is only one solution. The origin of all the difficulties, external and internal, is the same ; everything is sacrificed in order to maintain the principle of autocracy in military and foreign affairs. This fact will have to be fairly and clearly met. The Reichstag must definitely claim and secure full right to criticise, control, and direct the external policy of the State, and also to assert its supremacy over the army. The conception of the army as a monarchical and not as a national institution is one that in modern times—and especially with universal service—cannot be maintained in any civilised country. It is in recognition of this that the committee appointed to consider reform have put forward as one of their recommendations that the appoint-

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ment of officers shall be taken from the Emperor's Military Cabinet and transferred to the Minister of War, who is responsible to the Prussian Parliament. But with the details we are not concerned now—only with the general principle.

If the full control over the army were secured by Parliament, then there would inevitably result the gradual disappearance of the whole doctrine of militarism which has for the last thirty years been such a poisonous element in German intellectual life. This doctrine in the extreme form of which we have heard so much has been deliberately encouraged and fostered by the Government; it would be impossible for it to be maintained if it was subjected to the free criticism which is the very element of all parliamentary institutions. It is in fact a doctrine against which there have been constant protests in Germany itself. We need only refer to the crucial instance of Zabern. It was in this episode that the doctrine was translated into practice in the crudest and most offensive manner; it led, as it could not but lead, to acute criticism, and it produced something new in German politics, what in effect was a formal vote of censure upon the Chancellor. We all know the result. The Reichstag were told that this was a matter outside their competence, that he was responsible not to them but to the Emperor, and that it was in the hands of the Emperor that control of the army rested. The Reichstag acquiesced; they had not the will or the power to enforce their opposition. Why were they so weak? The real reason must probably be found in the fact to which we have already referred, that they seriously believed that, if anything was done to tamper with the military system as it existed, it would react upon external politics and bring about disaster to the country. The Zabern incident was the shadow of the coming war; it was the first breath of the storm that was approaching.

But in truth a great and powerful Government such as

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that which has existed for the last generation in Germany cannot be overthrown except by its own fault. Its fall, when it comes, will come from internal weakness or from its own blunders. In particular all theoretical discussions as to whether a particular form of government is in harmony with the spirit of the times, whether it accords with the formulas put forward by particular thinkers in its own or other countries, are merely ripples on the surface of the water. A great Government is not overthrown by these means. It creates its own atmosphere, it forms opinion. And if appeal were made to the principles of democracy, to the theories of constitutionalism, the German Government and its apologists could answer: "These things may be true for other countries and other times; they do not apply to the Germany of to-day; those who use this language are merely reiterating the worn-out formulas of bygone generations. The German Government is by its existence, its strength, its success, a new contribution to the science of politics, and no criticism is worth considering which is merely repetition of what men said who had not had the advantage of studying this new growth." Such was in fact the line of argument which at the beginning of the war was pursued by the best apologists of Germany. When there was presented to them the contrast between the free institutions of France, England, and America on the one side and those of Germany on the other, they did not shrink from the comparison; they welcomed it. They adopted a tone not of humility, of apology, of explanation, or of deference, but they came boldly out in the field and challenged the world to say that German institutions had not in fact been more successful in producing all that is essential to good government than those founded on the rival system.

The world's condemnation, therefore, is not enough. The overthrow of the German system requires that the German Government itself should decree its own fall by so

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managing the affairs of the nation that it brought about some great catastrophe. It is necessary that it should fail, and fail in such a manner as to leave the German people no alternative except to interfere themselves, to take the reins of authority out of its hands, and thus in fact to establish a new form of government. This was what happened in England in the seventeenth century. The monarchy was so firmly established by the Tudors that with reasonably good government, with ordinary sense and discretion, it could have ignored or divided the attacks made upon it by what were, after all, the insignificant parties of opposition, and this although the Parliament had behind it even then the traditions of centuries and was able to appeal to the immemorial traditions of English freedom. What brought it down was not the opposition from outside, but the internal incompetence of the first two Stuart Kings. It was financial mismanagement, coupled with a weak and often disastrous foreign policy. And even then the overthrow would probably not have taken place had not the Government, with an extraordinary blindness, stirred up rebellion in Scotland, and found itself compelled to appeal to the Parliament and the people in order to defend the country from an attack for which they themselves were responsible. It was not the criticism of the Encyclopædists, of Rousseau, and of Voltaire which of itself overthrew the *ancien régime* of France. It fell because, though the King ruled over the richest country in the world, though he had great possessions, a great army and a great navy, though he had among his subjects the most accomplished nobles and the most highly educated middle class and the most laborious peasantry, he had allowed the affairs of the country to fall into financial disorder, and by perpetuating an unjust system of taxation had condemned the peasants to penury and starvation.

And so it will be with the German Government. It will fall because it has brought the country to disaster. And already thoughtful Germans are beginning to recognise the

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truth. A careful study of the newspapers and periodicals during the last weeks reveals, severe as is the control of the censor, the growth of a conviction that there has been and is some fundamental fault in the management of affairs, and this is not in the internal administration, but just in that department which is the peculiar reserve of the Emperor and the Chancellor appointed by and solely responsible to him. In one thing indeed there is unanimity in Germany, in the emphatic condemnation of the Foreign Office, both during and before the war. The belief has been growing that it was official incompetence that led to one catastrophe—the war—and is fast leading to another catastrophe—defeat. It was this belief that brought about at last the interference of the Reichstag, an interference which for the moment showed an energy and force of will rare in that body. Nor was it by any means unsuccessful. It led to the fall of the Chancellor, to a change in the personality. A new Chancellor was appointed, though in the choice the Reichstag was not consulted. For the moment the agitation was stilled, but no one who watches the movement of opinion can doubt that it will soon be renewed; for what requires change is not the person but the system. This has been brought out by Prince Lichnowsky in an interesting article which appeared a few weeks ago in the *Berliner Tageblatt*. After referring to the successful conduct of foreign affairs under previous Ministers and contrasting it with the weakness which has become apparent in recent years, he continues:—

I deliberately refrain from all personal observations, but if I am to keep to the point, I must ask myself: "Does not the fault lie in the system?"

The system puts all on one card, plays, so to say, for the great stake. The fate of the nation lies in the hands of a single official, who, however, is only rarely qualified for such a task—the "one-man system" as the English call it. While with them every question of importance is first of all brought before a Cabinet, a college consisting of some twenty members, which again remains in constant touch with the parliamentary majority, and in important questions

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of foreign policy also with the Opposition, among us everything lies in the hands of a single Minister, who allows himself to be advised by irresponsible and often unsuitable or unbalanced subordinates.

He has indeed to take the orders of the Monarch, and he makes the final decision.

But, he goes on to explain, the influence and decision of the Emperor is much more rarely used than is generally supposed, for he is in reality dependent upon the reports made to him by his Minister, and it is on the Minister that the real responsibility rests.

Will this system [he continues], the system of individualised responsibility, of the unlimited power of the officials, be maintainable after the war? Must the monarchical idea be endangered if the responsibility rests on a broader basis, if in place of a single man a college is there, and if this college again, without having to consist of members of parliament, finds itself in closer relationship with the representatives of the people and with the majority parties in organic co-operation? Real questions which decide the fate of a nation continue to be determined in the bureaucratic patriarchal manner without transferring the principle of self-government to the business of the State and of the nation, and giving to the nation a widened right of self-determination.

Here, then, is an experienced, thoughtful man, who has never taken much part in internal affairs, but who has had the opportunity of studying at first hand the working of other systems, joining in the criticism which comes from the Socialist and the Liberal camps. It will be noticed that the whole weight of it arises from the fact that the system criticised has in fact failed—failed whatever now may be the final issue of the war. For even if by some strange chance the Germans emerged from the war without complete and absolute disaster, it is inconceivable that any impartial critic in the future would not repeat the judgment that the occurrence of the war at all in the form which it took was conclusive evidence of mismanagement in the highest places. It is, as Prince Lichnowsky says, the system which is at fault.

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The same criticism has been made in even stronger words by an anonymous writer in the Press : \*

That is the great misfortune of the German nation, that its external business is traditionally weighed down with the whole weight of internal struggle. This poisonous internal atmosphere destroys our diplomacy at the birth. The leaders of great historical parties, who usually speak of patriotism and loyalty, are not ashamed of blowing into flame the spark of war, which is always in existence somewhere, in order to cook their broth, and a whole retinue of professors and journalists gives them their assistance.

But this criticism of the system, which is now appearing in growing volume in Germany itself, is in its essence identical with that which is made in this and other countries, that the fundamental fault was that the final decision lay not in the hands of the representatives of the people but in those of a small group of men whose actions were withdrawn from popular or parliamentary control, and who in the last resource depended on the advice of an unofficial clique.

There is only one remedy : the system must be altered, the military power of the Emperor must be overthrown ; and, when this is done, perhaps we shall see a time when the foreign affairs of Germany are managed with something of the skill and success which have attended the internal government with which the Emperor has little to do. This change can only be made by the German people themselves, and it will not be made until it has become clear to them that they are suffering from the incompetence of their rulers. Then, but not till then, they will act, they will take the management of their own destinies into their own hands. This will be the inevitable result of a defeat—victory would have been fatal to any hopes of German liberty. And a reformation of the German Government would not, as is wrongly insisted by many German writers, make Germany weak and helpless, or leave her at the mercy of a hostile coalition ; it would by itself dissolve the hostile coalition,

\* *Frankfurter Zeitung*, quoted in the *Westminster Gazette* of July 31, 1917.



## The Internal Problem in Germany

for it would remove the causes of it ; it would make Germany weak indeed for aggression and violence, but it would leave her as strong as she ever was for defence. The example of France and Britain will at least have taught the German people this—that a great army, fighting to the last with unconquerable courage, is not, as they have been told with a childish perversion of every fact, the monopoly of an autocratic State ; and they will learn that a free Germany can be as patriotic, as strong, as resolute as other free countries.

## FINANCE AFTER THE WAR

SEVERAL articles have already been published in THE ROUND TABLE dealing with the financial problems of the war. They have dealt with the existing state of things and have been based on a study of existing conditions. In the present article it is the future which will be considered, and a future the distance of which from the present is still uncertain. We shall be moving, therefore, in a region not only of conjecture but of conjecture contingent on the period of the war's ending. The financial position will not be the same if the war ends this year as if it ends next year or the year after.

To follow each alternative in detail and to make a guess at the probable conditions in each case would be a waste of speculation. Let us take the simplest case and assume that the war comes to an end now; and on that hypothesis consider as far as we can see them the financial conditions which we should face. If our conclusions are in any way correct they will at least be a guide in estimating the conditions which are likely to prevail at the termination of the war at an uncertain later date.

### I. RISE OF PRICES : ITS EFFECT ON INTEREST BURDEN

IF the war should end to-morrow perhaps the most general change in financial conditions from those of the pre-war period would be the rise in prices of commodities throughout the world. In the United Kingdom the index number

## Finance After the War

—the fingerpost of commodity prices—has risen from 2,565 in July, 1914, to 5,379 in April, 1917. In some other countries commodity prices have risen more, in others less. But in all there has been a rise, and a great rise, which would have been even greater but for the artificial restrictions imposed by Governments on prices and on the general dealings of trade.

The causes of this rise in prices are various, and different in the cases of different commodities. But a general cause and probably the most important of all is the general expansion of currency—in belligerent European countries, through the issue of large amounts of paper money ; in the United States and to a less extent in some other countries, through the importation of large amounts of gold ; and in all countries through the inflation of credit.

This cause of high prices will not disappear at the advent of peace, nor will some of the others. There is no reason therefore to expect that peace will bring any great fall in the prices of commodities, speaking generally, although it may in individual cases.

Now, one result of high commodity prices is to lessen the burden imposed on a community by interest-bearing debt. For the rate of interest has been fixed beforehand and the interest is ultimately paid in commodities which are the product of the labour of the community. If the price of commodities is high it needs a lesser quantity of them to pay the same amount of interest ; that is to say, the proportion of the annual production of the community which is absorbed in the payment of interest charges on borrowed money will be less. This applies to the interest on private as well as on public debt.

This reduction in interest burden, if the interest be reckoned in terms of commodities, will be a set-off against the increase in the burden of public debt which the communities of the belligerent countries will have to bear on account of the war loans contracted by their Governments. The result, of course, will work out differently for each

## Prices and Interest Burden

country according to its circumstances. Let us take the case of the United Kingdom. At the outbreak of war the national and municipal debts of the United Kingdom amounted, in round figures, to 1,200 million pounds sterling. The capital invested in railways in the United Kingdom was, in round figures, 1,300 million pounds sterling. We have thus a total capital liability of 2,500 million pounds on which the interest charge is practically fixed, either by law or by the custom of expecting a certain rate of interest from certain securities, such as railway shares. The annual interest charge in respect of this capital liability of 2,500 million pounds may be put at an average of  $3\frac{1}{2}$  per cent., say  $87\frac{1}{2}$  million pounds a year. It is difficult to obtain statistics of the non-variable charges of other joint stock companies, operating in the United Kingdom, in the way of interest on debenture debts or on preference stocks, but we shall probably not be overstating the amount in putting it at from 20 to 25 millions annually. This will bring the fixed interest charges payable in the United Kingdom before the war to a figure of about 110 millions annually in respect of the particular class of indebtedness specified above.

During the war the National Debt has been increased in round figures by 2,400 million pounds sterling (after deducting loans to the Allies and the Dominions so as to arrive at the net increase in indebtedness). The annual interest on this increase at five per cent. is 120 million pounds. Apart from the increase in the National Debt the increase in the indebtedness of the community has been small, as private borrowing has been insignificant. The fixed interest charges on the community of the United Kingdom may therefore be taken to have risen from 110 millions to 230 millions, or by 110 per cent. But the increase in commodity prices, according to the index figures given above, has been practically the same, viz., about 110 per cent. Assuming these figures to be a fair guide to the increase in the prices of commodities produced in the

## Finance After the War

United Kingdom, it is clear that the proportion of the production of the United Kingdom required to pay the above fixed interest on the indebtedness of the community will be no greater than before, although the amount of interest will be much higher reckoned in terms of money.

The above calculation takes no account of the great volume of private indebtedness existing before the war in the shape of mortgages, etc. Its inclusion would, of course, make the effect of the rise of prices in lessening the real interest charge on the community still more apparent.

It may be objected that one man's gain is another man's loss, and that, if a community gains in one way by having to devote a less proportion of its annual production to paying interest charges, the members of the community to whom the interest is due lose in a corresponding degree. This is true, but it nevertheless remains true that the burden on the community is lessened. For, though there are exceptions, it may be stated as a general rule that the effect of income arising from interest is to enable the individuals receiving it to live either without labour or with less labour than they would otherwise have performed; in other words, to increase the number of drones—using the word in no offensive sense. The payment of interest charges, therefore, is a real burden on the community, even though the interest be paid to individuals composing the community, because it enables those individuals to live without productive labour, and generally leads to their doing so, and thus diminishes the number of workers.

If prices after the war went back to pre-war figures the interest on the pre-war indebtedness of the community, reckoned in terms of commodities, would be the same. The interest on the war debt would have to be added to it and the real burden on the community would be doubled. But, as shown above, the interest on the pre-war indebtedness of the community, reckoned in terms of commodities, has shrunk through the rise in prices, in the same pro-

## Prices and External Debt

portion as the amount, in terms of money, has been increased. The actual burden on the community is not therefore any greater than before.

### II. RISE OF PRICES : ITS EFFECT ON EXTERNAL DEBT

THE effect of the above change in prices will be felt in relation to external as well as to internal debt. It will act to the advantage of debtor countries and to the disadvantage of creditor countries. Let us still consider the case of the United Kingdom, which is a creditor country and which lives partly on the yearly interest of its accumulated capital invested abroad. The total amount of this invested capital has not been greatly changed by the war. It is true that the United Kingdom has realised a great part of its capital investments in the United States and to a less degree its Canadian investments and some others. It has also called in its floating balances abroad. Thus it has decreased its loans to various countries and the amount of the annual interest derived therefrom. In addition it has incurred an external debt by borrowing in the United States a sum which may be estimated at two hundred million pounds\* on which it will have to pay interest in future, the amount of which is a set-off against its income from foreign investments. But, on the other hand, the United Kingdom has made loans to its Allies and the Dominions to the extent of nearly one thousand million pounds sterling. This is probably a somewhat greater amount than the amount of the floating balances called in plus the amount of various investments realised or pledged plus the amount of the loans contracted in the United States. One transaction balances the other. After the war the United Kingdom will draw as much interest from abroad as it did before, in terms of

\* This does not include the borrowings against collateral securities. The pledged securities are a set-off against this.

## Finance After the War

money : but it will draw the interest from a different debtor, for example, from France and Russia instead of from the United States.

Nevertheless, though the amount of interest will be the same in terms of money, the real value of the amount will be so much less on account of the higher prices of commodities prevailing. The United Kingdom will receive a smaller amount of commodities which will represent the same amount of interest in terms of money. If the interest on these various loans brings in a smaller amount of commodities than before the country will in reality be poorer to that extent, just as the man with a fixed income arising from investments becomes poorer when prices rise.

On the other hand, a debtor country, such as Canada, will benefit because it will be able to pay its interest charges with a less quantity of commodities than before. It may well be that this benefit, for some debtor and belligerent countries, will more than counterbalance any actual increase in the amount of their external debt. Certainly it will be so in the case of Canada. Before the war Canada's indebtedness to external investors may be put in round figures at five thousand million dollars, carrying an interest charge of two hundred and fifty million dollars yearly. It is doubtful if the external debt of Canada has been increased much, even in terms of money, during the war. For the external loans contracted by Canada in the United States are probably offset by the extent to which private liabilities due from Canada to the United Kingdom have been paid off during the war. The external interest charge on the Canadian community will therefore be the same, reckoned in money, but reckoned in commodities it will be much less than before. If the commodities which Canada produces have risen in price by as much as the general average rise, that is, by over 100 per cent., Canada will have to pay only half as much in terms of commodities to discharge the same amount of interest as before the war.



## Producing and Consuming Capacity

If the production of commodities in Canada after the war is the same as it was before, a less proportion of it will be eaten up by the interest charges of the external debt and the country will be so much the richer.

Similarly, France will be poorer and Russia richer after the war than before, in so far as the interest due to the one and payable by the other will be dischargeable by a smaller amount of commodities than it was before.

### III. INCREASE IN PRODUCING AND CONSUMING CAPACITY

**I**F the war ended to-morrow the actual impairment of the world's wealth caused by it would probably be found to be much less than is generally supposed. This impairment of wealth may be divided under two heads: first the destruction of property in the fighting zone: second, the running down of the machinery of production and transport and of the equipment of life in the belligerent countries and in others affected by the war. Of these two items the second is the more important, though it is the less evident at present to the eye. The actual destruction of property in the ground fought over by the armies has, of course, been considerable. But it is not relatively extensive, nor, except in certain small regions, complete. Some of it, no doubt, has already been repaired—for example, in Belgium. Some of it will only be repaired slowly.

But in all the belligerent countries the ordinary work of repair and betterment and improvement—especially so far as concerns the amenities rather than the necessities of life—has been checked or altogether suspended. Expenditure on railways, roads, and buildings has been severely cut down. The machinery of transport by sea and by land has been used to its utmost, and, on the whole, destroyed faster than it has been replaced. All the belligerent countries will have much to do to bring their equipment

## Finance After the War

in the above matters to the same condition as that in which it stood before the war.

On the other hand, it seems probable that the productive capacity of the world has not diminished but increased during the war. The actual machinery of production has been destroyed comparatively little and has been largely added to. It is true that much of the new machinery has been established for the purpose of producing munitions of war, but a large part of it can be turned to other purposes. In the United Kingdom and probably in most other countries there has been a great extension in the boundaries of the class performing productive labour. This and a greater intensity of labour have the result that, in spite of the enormous number of men withdrawn for service in the field, the total production of the country in all lines taken together is greater than it was before the war. When the armies in the field return to the ranks of producers the productive capacities of all the belligerent countries should therefore be much higher than before—though allowance must be made for the difficulty with which returned soldiers settle down again to habits of regular industry.

As the producing capacity of all the belligerent countries after the war will be much higher than before, so the demand for consumption will be higher; partly on account of the necessity of replacing what has been lost, wasted, or gone out of repair; partly on account of the higher standard of living among the mass of the working classes in all countries, brought about by high wages and war expenditure.

### IV. INDUSTRIAL ACTIVITY AFTER THE WAR: RETARDING FACTORS

THE conditions indicated above as prevailing at the end of the war—high prices, abundance of currency, easing of the burden of interest charges on private debtors, an extraordinary demand both for the common articles of con-

## Industrial Activity

sumption and for the material and supplies required for replacement and betterment of the world's equipment, an increased capacity for production through the addition of new machinery and an increase in the numbers of the labour force—all these conditions point to nothing else but a period of unusual activity in industry and commerce.

There are, however, three other conditions to be mentioned which may prove retarding factors. The first factor is certain but temporary. The other two are merely possible, and whether they come into play or not depends mostly on psychological considerations.

The first retarding factor will be shortage of transport. The merchant ship tonnage of the world may be less at the end of the war than at the beginning; and most of the ships will be badly in need of rest and repair. The railroads of the world will certainly be in bad condition, with their roadbed and equipment deteriorated and their rolling stock worn out and short in quantity. Until these deficiencies are repaired the transport of goods by sea and land will be more than ordinarily long and expensive. That will be a retarding factor to commerce.

The next retarding factor, which may or may not come into play, is that of difficult credit. Currency will be abundant, and if bankers follow their usual tendency and are governed in their attitude toward credit by the position of currency reserves, credit will be plentiful and it will be easy to get money for new business. It is possible, however, that a feeling of uncertainty about conditions may make the financial world timid; and that the business of taking up and putting into permanent form the great amount of floating Government liabilities created during the war may absorb the best part of their energy. This may lead to a stringency in credit which, of course, would hamper commercial activity. It is not a necessary nor on the whole a likely condition, but it must be mentioned as a possible factor of retardation.

The last factor which is also uncertain is the possibility

## Finance After the War

of widespread labour unrest, arising on the one hand from the reluctance of the returned soldiers to settle down again to habits of plodding industry and from their difficulty in conforming to the standards of intensive industry set during the war; on the other hand from the reluctance of employers to pay the higher wages which will be generally demanded. It will be a calamity for the world if these conflicting feelings lead to a succession of industrial wars between employers and employees. It cannot, however, be dismissed as an impossibility. Whether and to what extent it comes about will depend mainly on the frame of mind in which the end of the war finds the classes concerned.

### V. PROBABLE LATER DEVELOPMENTS

**I**T seems, therefore, that we should expect the end of the war, if it came to-morrow, to be followed by a period of intense industrial and commercial activity—possibly modified in some countries, or even generally, by one or all of the retarding factors mentioned above. There will follow an extraordinary production of commodities in every direction. For some time this will be absorbed by the increased consumption of daily life and by the replacement of the material which has been destroyed, and by the repair of the world's equipment which has run down. When the latter task has been overtaken—and it will not take very long—there will be a possibility of a condition of over-production setting in, with the usual attendant circumstances of falling prices, curtailment of credit, increase in the real burden of debt, and spreading stagnation.

It is not, however, necessary that this should happen. The production which is no longer needed for replacement and repair may be absorbed by the development of new countries. Here, again, the question will be a psychological one. There are large areas of the globe now comparatively unproductive, where capital can be spent to the

## Later Developments

ultimate advantage of the world, if people can be found to take the trouble and self-denial of accumulating it and the risk of employing it. But for schemes of development where the return is certainly distant and not certainly assured, easy credit is essential. Credit depends partly on actual conditions, partly on the temper of banks and financial institutions. If those who manage the world's finances are inclined, when the period of over-production draws near, to throw themselves zealously into the development of new countries to a greater productiveness, the period of stagnation may be avoided. If, on the other hand, they find themselves in a timid and conservative frame of mind, credit will grow difficult, and the over-production of commodities, finding no new fields to absorb it, will soon make itself felt, with the usual consequences.

It is worth while here to emphasise the fact that, from the point of view of the world, development of productiveness in new directions is good, although the return on the capital invested in the development may be poor. For the alternative may be that the capital is not employed at all or is not even brought into existence. To take a concrete example. From the point of view of the individual investor it is bad that he should put his money into a new railroad—say, in Russia or South America—unless it will bring him in an average return on his money—say, five per cent. But the world may be the richer for the railroad being built even if the investor only gets one or two per cent.—even though he gets nothing—if the productiveness of the world and the supply of useful commodities is thereby increased. For the alternative may be, not that the capital invested in the railroad would have been more productively employed, but that it would never have come into existence at all. The materials in the shape of steel rails, and so on, might have remained in the ground and the labour employed on manufacturing and laying them might have been left unemployed and in idleness.

This argument is not to be taken as a general defence

## Finance After the War

of non-paying enterprises. Generally speaking, the question whether an enterprise will pay the usual rate of interest or not is a good rough test of its usefulness. Even this is not universal. Road-making has never paid from the time of the Romans down, but without question it has made the world richer. The general argument, however, is that while a less paying enterprise may not be beneficial to the world if a better paying enterprise could have been undertaken with the capital employed, it may be beneficial if the alternative is that no enterprise is undertaken at all and that the real capital employed in the form of commodities is not brought into existence at all but is left a mere potentiality in the shape of unused raw materials and idle labour.

### VI. THE PROBLEM OF THE NATIONAL DEBTS

WE have left until the last the enormous increase in the national debts in the belligerent countries which will be an outstanding feature of financial conditions after the war. If the war ended to-morrow the national debt of the United Kingdom would stand at over three thousand millions sterling, after deducting the advances made to the Dominions and the Allies. A similar condition of public indebtedness will confront France and Russia. To deal adequately with the problem thus set up will be a task worthy of the best thought of public financiers. The subject is one which requires fuller discussion than it is possible to undertake in this article. It may be worth while, however, to mention some of the alternative suggestions which have been made for dealing with it.

One way suggested is to leave the whole amount as a permanent funded debt—that is, to reckon only on providing the interest and a comparatively small annual sinking fund out of current taxation. Another suggestion is to pay off the whole or the greater part of the war debt at once by a levy on capital. A third is a compromise between the

## The National Debts

first and second methods—namely, to extinguish the debt within a limited time by devoting to that purpose some special taxation, which would probably in effect be a levy on capital—for example, a special scale of death duties—but which would take effect over a number of years instead of at once.

The argument for the first method is that it is conservative and simple and involves nothing new or experimental. Against it, first of all, is the consideration that it lays so great a permanent burden on the State revenues that they will be overweighted and inelastic. It is argued that this will lead to chronic embarrassment and probably to unsound methods of taxation. A further objection is raised that this huge State debt will absorb the savings of the community, and will be a constant drawback to the employment of capital in reproductive enterprises. Still another argument is that the time to pay off debt is when prices are high, and not to leave it until a fall in prices may make the real burden, measured in terms of commodities, so much the greater.

The second method proposed—namely, to pay off the war debt at once by a levy on capital—is at first sight somewhat startling. The advantage in it as compared with the first method is that it cleans the slate and leaves the public finances in an unembarrassed condition. The main objections to it are, first, the difficulty of applying it; second, the fact that the burden would fall exclusively on the present owners of property. The latter objection is the more serious. Nevertheless, it may be argued that the sacrifice is necessary, and that even if the war debt be funded the bulk of the taxation necessary to provide the interest and sinking fund would have to be laid on the propertied classes. Assuming that to be so, it may be indifferent to the capitalist whether he gives up at once, say, a sixth of his capital or is compelled to give up annually a sixth of his income in the form of extra taxation. There is this difference, however, that in the latter case future accumula-



## Finance After the War

tions of capital also would pay, while they would be exempt if the war debt were wiped out at once. It is arguable that this would be to the advantage of the community, since it would put a greater premium on future exertions.

The difficulty of applying the method of a levy on capital is probably not so great as appears at first sight. Take, for instance, the case of the United Kingdom. The total capital wealth of the community may be estimated at about 24,000 millions sterling. To pay off a war debt of 3,000 millions sterling would therefore require a levy of one-eighth. Evidently this could not be raised in money, nor would it be necessary. Holders of war loans would pay their proportion in a simple way, by surrendering one-eighth of their scrip. Holders of other forms of property would be assessed for one-eighth of its value and be called on to acquire and to surrender to the State the same amount of war loan scrip. To do this they would be obliged to realise a part of their property or to mortgage it. But there is no insuperable difficulty about that. In the case of property already mortgaged the holder of the property might be responsible for the whole levy and might be allowed to raise a prior mortgage to cover it, and thereafter to deduct the proper proportion from the capital amount due to the previous mortgagee. Thus, a man having a property assessed at £80,000, encumbered with a mortgage for £40,000, would raise a prior mortgage of £10,000 and pay the levy on the whole property. But the capital amount of the old mortgage would be reduced from £40,000 to £35,000.

In this connection a suggestion may be mentioned for combining a levy on capital with a reform of the currency which has some elements of ingenuity. A considerable part of the accumulated capital of the United Kingdom is represented by the share capital and debenture debts of limited liability companies. It has been suggested that a decimal system of currency might be introduced by making the shilling worth tenpence and reducing the weight of

## The National Debts

gold in the sovereign by one-sixth, leaving the sovereign worth twenty shillings. The nominal capital and debenture debts of all limited liability companies would be left as at present in pounds. At the same time they would be required to pay to the State in the shape of war loan scrip an amount equivalent to one-sixth of the assessed value of their assets. As their real liability to debenture holders and shareholders would also have been reduced by one-sixth through the change in value of the pound, there would be no real change in the financial position of the companies, and in effect the levy would fall on debenture holders and on shareholders *pro rata* to their interest in the company. Such a levy would only cover the particular form of property which is represented by shares and debentures. Other forms of property would have to pay the levy in a different way.

The third method of extinguishing the war debt over a period of years, by earmarking some special form of taxation for that purpose, is neither open to all the objections against the second method nor would it carry all its advantages. It would be comparatively easy in application and could be arranged so as to fall on future as well as present accumulations of capital, and even on current earnings as well. On the other hand, like the first method, it would necessitate the devising of new ways of raising revenue on a large scale, to provide interest charges until the war debt was paid off.

Enough has been said to indicate some aspects of this problem. The fuller discussion of it must be left for another occasion.

## SOME PROBLEMS IN DEMOCRACY AND RECONSTRUCTION

NOT the least striking consequence of the war has been the immense and quite unexpected expansion of governmental activity. It is hardly too much to say that almost every citizen capable of doing useful service is now engaged, directly or indirectly, in public service, and that all the great industries, from agriculture to engineering, are producing mainly on Government account, and in greater or less degree under some form of Government control. This does not mean that the whole nation is now organised as if it were a single economic organism. It rather means that the vast majority of the most important enterprises which had previously been producing on private account have now been co-ordinated, on conditions as to profit-making laid down by Parliament, so as to produce on public account, and that Departments of State have now sprung into being whose chief function is not to do the work of production themselves, but to supervise and control private enterprise for national purposes. The community has not been converted into the Servile State dreamed of by some reformers, and dreaded by others, in which every citizen is a civil servant in a vast commercial machine. It has rather become integrated so that the unity of the nation previously manifest in Legislation, the Civil Service, or the Army and Navy has now begun to display itself in the field of commerce and industry as well.

## Problems in Democracy and Reconstruction

The day, in fact, has dawned when the principles of organisation are being consciously applied to the whole life of the nation. We have begun to realise that it is uneconomical, and, indeed, immoral, that the provision of the vital needs of the nation—food, raw material for industry, coal, communications, and so forth—should be left to an immense number of private agencies, each thinking first and foremost of its own private interest and competing desperately with its rivals in the business. The community has been driven by the war to recognise that, if adequate supplies of these articles and services are to be available at reasonable prices for its citizens, it must exercise much more supervision over national industry than it has done in the past—a course which is bound in turn to transform international economic relations, because every country will deal with foreign countries both as a buyer and as a seller. It is now, indeed, apparent to most people that the principles of harmonious organisation—principles which prevent waste from competition, overlapping, over-production or under-production, which give to each individual a share of useful work, and which require that every citizen, whether he be employer or employed, capitalist or land-owner, should employ his services or his possessions in some measure on public account and not entirely for his own private ends—must be applied to the national life as a whole.

It is easy enough to state these general propositions. It is quite a different matter to apply them. For we are faced by a problem different from any which has yet presented itself to the world, and which it will take much patience and good will to solve. It is easy enough to conceive of a community in a high state of national organisation, if every citizen and every business were willing to obey implicitly orders given by a few supermen at the top. That, indeed, was the Prussian dream, and Germany has gone some way to realise it during the war. But such an idea is repellent to every free mind. We have entered

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the war largely to prevent it being applied to the whole world by a triumphant Military State. To the Anglo-Saxon mind, and to all people who understand freedom, order and progress come not from blind obedience to human authority, but from conduct by the individual in obedience to law. The Prussian idea involves the surrender of all individual reason and initiative to the thinking of the few; the free idea involves the understanding by every citizen of the principles which govern national life and activity, so that he may take an intelligent and spontaneous part in promoting them. To free men the purpose of the State is not the achievement of some triumph or end by the community organised from the centre for the purpose, but to enable every citizen to live the best life he can, in accordance with his own choice, provided that in so doing he recognises his duty to respect the rights and to contribute to the well-being of his neighbours. And it does this not by magnifying the prestige of authority, but by maintaining the reign of just law, which is the means whereby the leading of the life of freedom can alone be made possible for all.

When we come to apply these ideas to the problem of national organisation as it will present itself after the war, it is at once apparent that the simple Prussian method cannot succeed. The true purpose of the State is to enable every citizen to understand the responsibilities of citizenship and to enjoy freedom. But in a democratic State the citizen must not only submit himself to the reign of law, but assume equal responsibility with all his fellow citizens both for framing and defending the law, and if the life of the community is to be healthy he must also perform his due share of the work necessary for the communal well-being. In the organisation of that service it is of the essence of the case to preserve the maximum of initiative and enterprise and local autonomy for the individual, whether that individual be a worker or a firm, provided that a sufficient part of his efforts is in a direc-

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tion consistent with or required by the national well-being. Freedom will be realised in the national organisation of production and distribution exactly in proportion as the work of national supply is based upon the spontaneous, public-spirited activity of the citizens, co-ordinated from the centre on clearly defined principles, and not upon orders issued from the centre and unthinkingly or sullenly obeyed by the individuals at the extremity of the organisation.

The experience of the war has given us some indication of the kind of national economic organisation to which we may look forward. The most characteristic feature of the new war order has been the appearance of the controllers of production and distribution. They have appeared under different names, but their functions are very similar. There is the railway executive board which has charge of the national railways. There are the Ministry of Munitions, with the double function of producing shells, guns and other munitions for the Army and Navy, and of providing raw material in the shape of metals of all sorts and kinds for the national industries. There is the Shipping Controller, the Food Controller, and the Coal Controller. There are other less important bodies which control timber and petroleum, wheat, sugar, and other articles. In all these cases the universal rule has been to utilise all existing private agencies, to organise and correlate them so that their activities are more and more on public account, and to fix the maximum rate of profit which may be made. We have here in development an entirely new system. The Controllers do not conduct business. In close association with the representatives of both employers and employed they supervise businesses hitherto entirely privately owned and managed, to see that they are conducted to the best advantage of the community. It is certain that this system will not wholly disappear. To abolish it would simply be to hand over to private hands what would, in view of experience and knowledge and habits created during this

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war, rapidly become monopoly trusts in all the more important national industries now organised under the various Controllors and Ministers. Somehow or other the organic unity so established, not only between the many small firms in each of these national industries but between the national industries themselves, must be preserved. As a consequence of this, it will be possible for the first time to base production and distribution on a reasonably accurate knowledge of national demand, thereby immensely diminishing the risks and uncertainties incidental to unlimited competition, to ensure an adequate supply of the national staples, and especially of food, raw materials, and transportation, at reasonable and relatively constant prices, and to enter into economic relations with other nations with a sound knowledge of what the nation has to sell or wants to buy abroad. At the same time the national industrial life will still be based upon freedom and not on centralised autocracy. There will be left the fullest room for local autonomy and individual enterprise, always provided it is exhibited in directions consonant with the general good. But, what is most important of all, it ought to be possible so to develop the system thus brought into being in the war as to make it possible in each industry for the representatives of the employers, of the trades unions, and of the State to control together the higher direction of the industry as a whole and the conditions as to hours, wages, and profits under which it is conducted.

There is another aspect of the expansion of Government activities which it is important to consider. There can be no doubt that a great part of this expansion is going to be permanent. There will doubtless be some contraction, but the scope of national activity is bound to be far greater after the war than it was before. This must involve a very considerable change in our constitutional system. It will involve a change for two reasons. In the first place, the old Cabinet system, involving, as it must under modern conditions, a Cabinet of at least thirty people, has proved



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itself quite unfit to deal with the endless complications of modern organised national life so long as the control is centralised in the hands of one set of men. Under the pressure of war it has been found necessary to concentrate supreme power in the hands of a small Cabinet of six men, only one of whom has departmental duties, who exercise a vague but unquestionable supervision over the activities of a number of Ministers, each of whom speaks for his own department in Parliament, but who have a very undefined share of responsibility for the national policy as a whole. This system, which works well enough during the war, when both Ministry and Parliament are absolutely united in working to win the war, is not likely to survive the return to peace, when differences of political opinion again become acute and Parliamentary life revives. Ministers will be unwilling to accept the overruling authority of a body like the War Cabinet, and Parliamentary opposition will make inevitable the revival in some form or other of the collective responsibility of the Cabinet.

The second reason why change is inevitable is because our existing system is becoming increasingly incompatible with responsible government. In previous articles in *THE ROUND TABLE* it has been pointed out that even before the war the expansion of the governmental business concentrated in the hands of a single Cabinet and Parliament was making practical democracy more and more difficult. It inevitably increased the autocratic power of the Cabinet, because it was becoming more and more impossible for Parliament to master the immense complexity of the business for which it was responsible, and because the members dared not vote against the Government on one issue since they thereby endangered its policy on another. It therefore increased the rigidity of the party machinery, and diminished the independence of the individual member by making him more and more of an animated ballot paper, cast not in accordance with his

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deliberate judgment, but as his leaders directed. Finally, it nullified the effective control of the electorate over Parliament and Cabinet, because it involved asking the electorate to adjudicate on a vast number of separate issues, each of immense importance, by means of a single vote. There is little doubt that the absence of any effective Parliamentary or electoral control over foreign policy before the war was in great measure due to the pre-occupation of Parliament and electorate with domestic affairs. There was no authority responsible to the electorate whose principal business it was to deal with external affairs.

For both these reasons it is fairly certain that considerable changes will have to be made in our constitutional system after the war if we are to combine efficient government with effective democracy. Democracy does not mean, as many seem to think, government in accordance with the whims and opinions of a vast electorate, ignorant of the practical problems involved, and played upon by every wind of rumour and suggestion. Mob rule is usually no better than tyrant rule. In reality good government means government in accordance with wisdom and justice and brotherhood and nothing else, and democracy is better than autocracy mainly because it throws the responsibility of seeing that the laws are wise and just on all the citizens instead of on a single man or class, and because an electorate is never likely to permit such bad laws to be passed as an autocrat or an oligarchy will impose upon docile subjects. In practice the essence of democracy is that the responsibility for government should be clearly located, and that the electorate should be able to decide at regular intervals, and at any time when the question is in doubt, whether the Ministry and Parliament responsible for the conduct of its affairs possess its confidence or not.

We do not propose in this article to offer any detailed conclusions as to the reforms which will be necessary if

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we are to combine the efficient conduct of the greatly enlarged field of governmental activity with the effective responsibility of those who conduct public affairs to the governed. We are only concerned to put forward one or two leading ideas on the subject.

The problem may be considered under three heads. There is first of all the question of external relations. This problem is greatly complicated by the inauguration of the Imperial Cabinet. Up to the present the British Government has conducted foreign relations as it has thought best, as trustee for the whole Empire. The evolution of the Imperial Cabinet is a practical recognition that foreign policy is now equally the concern of all the nations of the Empire. Under existing circumstances, therefore, it is bound to be discussed in all the national Parliaments. How control over foreign policy by the various national Parliaments within the Empire is to be reconciled with the fact that if the British Commonwealth is to remain a unity it must act and speak with a single voice and through a single authority is a difficulty still unsolved. As a matter of practical politics the difficulty might be dealt with in one of two ways: the British Government might be left for a time responsible for the day-to-day conduct of foreign policy and the major part of defence, subject to ever-increasing consultation and support from the Dominions, assembled in Imperial Cabinet and Imperial Conference: or the control of foreign policy, certain aspects of defence, and the finance necessary thereto, might be transferred to an Imperial Cabinet, separate from the British Cabinet and Parliament and responsible to an assembly representative of all the nations of the Empire. The first, which could only be a transitional arrangement, is not really consistent either with democracy or the full nationhood of the Dominions. The second, however, presents political difficulties of great complexity, which only the recognition of the paramount importance of the maintenance of the organic unity of the British Empire as a Commonwealth of

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Nations to the future not only of its peoples, but to the peace and freedom of the world, is likely to overcome.

Whatever method, however, is adopted for dealing with this aspect of the problem, it will not seriously simplify the difficulties which have arisen from the expansion of governmental activity and the over-concentration of responsibility in one set of hands. For, even if the Imperial Cabinet becomes differentiated from the British Cabinet, it will only relieve it of the responsibility of foreign policy and of certain aspects of defence—which are only a very small part of the field of the present-day public activities. There are two other ways in which the problem of congestion might be dealt with.

The first is that adopted in America and all the British Dominions, the method of administrative devolution on geographical lines. Leaving out of account the special political difficulties connected with Ireland now under consideration by the Irish Convention, and assuming that the Union is in principle preserved, this method would mean entrusting the control of, say, all local national affairs to national legislatures and Cabinets for England, Scotland, Ireland, and Wales. How little administrative change this would involve may be seen from the fact that the following departments are already separately administered in England, Scotland, and Ireland—local government, public health, education, franchise and elections, civil rights, agriculture, fisheries, ecclesiastical affairs, the administration of justice (except in the supreme courts), police, liquor traffic, hospitals, asylums, charities, reformatories, and prisons. Nothing would be easier from the administrative point of view than to lighten the load of the central government by transferring the control of these matters, together with the necessary taxing powers, to national legislatures representing the several kingdoms of which the United Kingdom is composed. Whatever opinions, however, may be formed about the right areas, and the powers which ought to be entrusted to the assem-

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blies representative of these areas, the method of geographical devolution has immense advantages. It relieves an overburdened central government of some of its excessive duties, it divides the responsibility for public affairs between two different sets of men, each of which is able to give its whole time to its work, and it enables the electorate to decide at separate elections upon disputed questions of policy, and on the rival aspirants for public office, in each sphere.

But there is one other method of dealing with the problem presented by the extension of Government activity, the possibility of which has only become evident during the war. There may well come to be a functional delegation of powers as well as a geographical. The integration of the great national industries during the war has already been described. This integration has been effected mainly through the action of the Government Controllers. But it has been successful only as the result of constant consultation with and active co-operation from the employers and the trades unions concerned. For reasons already given, it is certain that this work of co-ordination in production and distribution will not disappear after the war, though the almost despotic control now exercised by the State during the war will have to be greatly abated. Is it too much to expect that a means will be found whereby the supervision of the multitudinous firms and trades unions now co-ordinated into the staple national industries will be placed in the hands of a body which will be able to combine in itself the directing experience of the employer, the point of view of the employees and the authority of the community as a whole? Is it not possible that the higher direction and control of these great co-ordinated industries, now conducted by Ministers responsible to Parliament, will be devolved on to bodies representative of the principal partners in those industries, as well as of the State, which will wield statutory powers, without interference from the Government save in the event of

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scandalous mismanagement? It is, at any rate, worth while to suggest that consideration should be given to the possibility of devolving some of the new functions now concentrated in the hands of the existing Parliament and Cabinet at Westminster along these lines.

The outstanding fact of to-day is that we are approaching a period of national and international organisation quite unlike anything which has existed in the past, and that at a time when the movement for effective popular control, both over the political and the economic life of this nation, is rapidly growing. All this was inevitable owing to the development of industrial invention on the one side and of popular education on the other. It required the war, however, to awaken people sufficiently out of old habits of mind and old ways of doing things to see the new world which lay ahead, and to adapt themselves to it. It is now no longer a question of restoring pre-war conditions. It is rather one of seeing with clear eyes the immense possibilities of well-being for the human race which can come, after the war is won, from a resolute combination of democratic institutions with the conduct of public affairs in the spirit of the golden rule. Economic discords, like political discords, have come in the past from the concentration of the individual, the party, and the class on its own selfish interests and ideals. The war has brought to the surface a power of self-sacrifice for the common good, a sense of national unity and of the duty of every individual to render active service to his community, a recognition of the perils of autocracy in all its forms, and an appreciation of the necessity for friendly co-operation between all the members of the family of nations, which will be a priceless endowment when it comes to reconstruction. It only remains for those who survive the perils of war to face the work of reconstruction, looking forward and not backwards, unafraid of change, full of the joy of honest work, and determined that public service and not private profit shall be the motive of their lives.

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FIVE years ago the average American would have calmly and somewhat contemptuously ignored the prophecy that in the near future his country was destined to be involved in a world-wide war. So absorbed was he in his own domestic affairs, so aloof from the broad stream of world development, and so convinced that peaceful intercourse was to be the future inter-state dispensation, that he paid scant heed to what was happening beyond the national frontiers and belittled all adverse portents. Even the Great War did not fully reveal to him the underlying facts in recent international history and did not wholly enlighten him as to the reality and imminence of the German menace. For over thirty months he kept clinging tenaciously to the somewhat comforting delusion that the rest of the world had gone mad, that with the passing of this temporary aberration all would again be well, and that it was his own supreme duty to avoid the mighty suction of the European maelstrom.

Thus, when early in April Congress declared that a state of war with Germany existed, the American citizen was somewhat dazed at a situation which he was not accustomed to envisage as an actuality, and quite perplexed as to what it really implied. At first, his general impression was that America's participation in the contest would be limited to cordial and generous financial, industrial, and moral support to the Allies, supplemented by extensive relief work and medical assistance, and possibly also by the dispatch of comparatively unimportant naval and military



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expeditions to the European field of action. It was widely assumed at the outset that Germany would be constrained to acknowledge defeat before America would be able to intervene on a large scale.

These initial expectations were quickly seen to be illusory. The early undue optimism as to the virtual failure of the German submarine campaign soon gave place to an equally unwarranted exaggeration of its effectiveness, which, in turn, has been displaced by a sound realisation of the economic and military gravity of this situation. At the same time, serious and disturbing doubts arose as to the nature and extent of Russia's future part in the war. The informal armistice on the eastern front during the spring months, which disarranged the plans of the Allies elsewhere, seemed to demonstrate conclusively that a military decision was not attainable this year and made it evident that the United States was facing a most serious situation. This new outlook became even more precise after the British and French Commissions had described the position in Europe and had explained the vital urgency of extensive co-operation not alone in such matters as the construction of shipping, but in the very theatre of military action itself. Instead of merely assisting the victorious Allies in giving the *coup de grâce* to an already defeated enemy, the United States had to face the necessity of entering a war of indeterminate duration as one of the principals whose liabilities for successful prosecution were unlimited.

It is to the credit of American citizenship that this serious situation with its inscrutable future was faced with the necessary courage and that the individuals have responded with alacrity to every demand made upon them by the authorities. The Selective Draft Law did not arouse any extensive popular opposition, and the day of registration, when nearly ten million young men were enrolled for potential military service, passed with practically no disturbance. "Hyphenism," in so far as the American-born was concerned, was conclusively proved to be an evil much

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overrated in depth and extent. Similarly, the two billion dollar loan was largely over-subscribed by more than three million applicants and about two-thirds of the aggregate—to be exact, 65 per cent.—was allotted to those subscribing for ten thousand dollars and less. Although the interest rate— $3\frac{1}{2}$  per cent.—was below the normal one of the market place, and although the average American of moderate means is not accustomed to invest his savings in Government bonds and could not benefit at all proportionately to the very rich from the tax-exemption clause in the loan, comparatively small subscribers applied extensively. In most of these cases this implied a direct or indirect sacrifice of income. The remarkable popular success of the loan afforded full warrant for the statement of the Secretary of the Treasury, Mr. McAdoo, that it was “a genuine triumph for democracy . . . the unmistakable expression of America’s determination to carry the war for the protection of American rights and the re-establishment of peace and liberty throughout the world to a swift and successful conclusion.” Equally notable and significant was the fact that in eight days more than a hundred million dollars were collected by the Red Cross, exclusively from private sources.

These are all decidedly encouraging features. They indicate clearly that the core of the American people is sound as of yore and that American citizens can be counted upon to do their patriotic duty in the national emergency. But coincident with the recognition of the seriousness of this emergency there arose a feeling of helplessness. It was realised that, even if America’s manhood had been carefully trained to arms and ready for immediate mobilisation, it would have been impossible to send large forces to Europe unless ships were available to transport them and to keep them supplied. This feeling of helplessness was irritating in the extreme and led in a romantic and impatient people, such as is the American, to rapidly succeeding hopes that the difficulty might be removed by dramatically sudden

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means. At first, the hope was in wooden ships, which were to be miraculously fashioned in large numbers from the virgin forests in an incredibly short time. Then it was expected that American ingenuity and inventiveness would find some sovereign remedy to render the submarine innocuous. And finally, America's special part was to build a vast horde of aeroplanes with which to carry the war into the heart of Germany and to "blind" her armies at the front. From these and other hopes something will emerge, but not in the short span that a generous people impatient of its helplessness would like.

In the meanwhile, the work of planning America's participation in the war was being undertaken deliberately and on sound lines by the Administration, which was recognising in increasing measure the serious responsibilities that had been assumed in consequence of the war that Germany had forced upon the country. The United States entered the conflict almost entirely unprepared to cope with the situation. Financially, owing to the new banking system inaugurated in 1914, and to the enormous influx of gold since then, conditions were most propitious and no disturbance of credit conditions ensued. Similarly, the general economic situation was one of exceptional prosperity, due largely to the abnormally large exports at high prices of the preceding two years, which, in their turn, had greatly stimulated domestic commerce. There were some dark spots on the horizon. The prospects for an adequate winter wheat crop were poor. Railroad facilities had fallen behind the country's needs, as the stringent system of regulation and the reluctance of the Government to permit the desired advances in rates had diverted capital to enterprises that promised larger and safer returns.

This very prosperity, accompanied as it was by inordinately high prices that bore absolutely no relation to the cost of production, presented certain grave difficulties such as had not beset the other belligerents. They had initiated their system of control and taxation with commodities on

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a normal and subnormal basis, while the United States was obliged to grapple with these problems when raw materials were exceedingly scarce and dear, while labour was not only greatly in demand and receiving unwonted compensation, but was also fully conscious of its power. The situation was and still is a difficult one, and it has rendered the task of economic mobilisation decidedly complicated. The advantage of "the flying start," gained from having supplied the Entente with munitions of war, was largely offset by other factors.

Moreover, Congress was not inclined to abdicate and to give plenary authority to the President. The legislators had with great promptitude passed the Declaration of War, the Conscription or Selective Draft Bill, and the law authorising the borrowing of seven billion dollars, but they balked at giving the Administration full control over the business of every American. For this reason, as well as for others, there has been considerable delay, at which Americans are grumbling in the manner characteristic of all English-speaking peoples. Those too close to the democratic political machine are prone to ignore the very real momentum in their irritation at the loose bearings and the lack of lubrication at places of friction.

Such delay is especially inevitable under the American political system, because it is based upon the doctrine and practice of the separation of powers. The separation of the Executive from the Legislature necessarily involves some lack of co-ordination. In addition, the rules of Congress are mechanical and antiquated. The greater part of the constructive and deliberative work is done in committee rooms, not upon the floors of the Chambers; and the chairman of each one of these all-important committees is merely that member of the dominant party who has served longest upon it. Nothing but seniority in service counts. Thus it has happened that in several of the most important Administration Bills the Democratic chairmen of the directly interested Senate and House Committees

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were actually opposed to the measures in question. This unfortunate contingency occurred in the case of the Declaration of War, the Selective Draft Bill, and that for the control of food, while the Bill authorising the seven billion loan was actually piloted through the Lower House by a man who had just earnestly opposed America's entrance into the war. Under such circumstances the celerity of action that can be attained by the system of responsible government on the British model is clearly impossible.

Furthermore, it should be remembered that Congress in large part voted against its convictions in authorising participation in the war on the broad issue defined by President Wilson. The members as a whole are genuinely ready to support the Executive loyally, but they are equally determined not to pass without careful consideration measures that remove the traditional safeguards to individual freedom, revolutionise the economic life of the country, and give the Administration unprecedented powers of the broadest scope. They are not men who submit tamely to dictation. While not adequately representative of the intellect and education of America, the members of Congress are as a rule men of character, of shrewd intelligence, and, pre-eminently, of a certain will power that has enabled them to reach their coveted position in the stress of competitive politics. They have emerged from this rough strife and are the chosen leaders of the groups that have sent them to Washington. They are somewhat provincial in outlook, full of traditional prejudices, intensely—even naively—nationalistic, credulous, and lacking in background and knowledge rather than in good intentions and intelligence. While somewhat unduly intent upon party advantage, they are above all keenly patriotic and can be counted upon to see that the United States does not default upon any of the obligations that it has assumed in entering the war. They are rapidly learning what these obligations are.

Under these hampering conditions the Administration arranged America's part in the war. The naval preparations

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were most simple, consisting merely in mobilising the fleet and in bringing it up to its full strength. The patrol of the major portion of the Western Atlantic released British and French cruisers for other duties. A squadron of destroyers was also sent to Europe to aid in hunting the submarine and to render safer the main-travelled commercial routes. A new type of submarine chaser is being constructed, and it may also be that some especially effective means are being devised to counter the submarine offensive against merchant shipping and commerce.

But in so far as warfare on the surface of the water is concerned, it is in general realised that the American Navy can accomplish but little. Its aid, however, renders doubly certain the already assured supremacy at sea of the Allies. With land forces it is far otherwise. Immediately on the outbreak of war steps were taken to expand to their full force the regular army and the state militias—the National Guard which corresponds to the British Territorials. This presumably will permit of several hundred thousand men being sent to Europe in the near future, and, while they are being transported, arrangements have been made to call out approximately 500,000 men from those liable to military service for training in the sixteen cantonments that are being constructed. Unfortunately, a large force cannot be available until the end of 1917 and the beginning of 1918, but in the spring of that year the American soldier should be able to render an important account of himself, provided that Germany and her satellites have not recognised by that time the futility of further fighting. The potential part that an American army can play and the firm intention of the country that this army shall be formed, drilled, and equipped must enter into the calculations of German statesmen and may vitally affect the outcome even if the bulk of these forces should never have to leave American soil.

In other respects, and apart from the relief work in Belgium, the hospital units, doctors, and ambulances



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that have been furnished, the engineers and woodmen that have been sent to Europe, American co-operation has been and will continue to be of increasing value. The loans to the Allies have obviated the necessity of their financing the supplies purchased in the United States and have relieved the exchange situation. Great strength has been added to the financial structure and, in addition, the overhanging dread of a possible suspension of special payments has been largely removed. While the financial burden has been eased, American participation has at the same time rendered it possible to make the blockade of Germany more stringent and to prevent American supplies or their equivalents from leaking into Central Europe through Scandinavia, Holland, and Switzerland. The position of these countries is admittedly difficult, but as a belligerent the United States has decidedly less sympathy with neutrals than when it acted as the champion of their rights. President Wilson has ample authority to control exports, and public opinion will demand that it be used in the manner best calculated to bring pressure upon Germany, even if this should entail some incidental hardship to her neutral neighbours.

One of the unfortunate elements in American unpreparedness was the failure to take advantage of the scarcity of shipping and high freight rates and to expand betimes the American mercantile marine. Some steps towards this end had been taken and the shipbuilding capacity had been greatly expanded ; but, as this problem had in the main been left to private initiative and as other enterprises promised equal, if not greater, profits combined with more future security, comparatively little had been accomplished when America became a belligerent. Since then the German and Austrian ships have been taken over and, in spite of the preventative damage inflicted upon them by their owners, they will soon be available for use. In addition, extensive preparations have been made by the Government for building a large number of ships, both in



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wood and in steel. Partly owing to friction between the heads of this important enterprise, some delay has occurred. Considerable difficulty was also occasioned by the price of ship-plates, which had risen to fabulously exorbitant prices in the open market. But a fair start has been made in response to Mr. Lloyd George's appeal for "ships, ships, and ships"; and excellent, if somewhat belated, results will be forthcoming later.

This question of the high price of ship-plates brings up another difficult problem which has also been a factor in retarding full economic mobilisation. The entire question of the prices for governmental supplies was considered quite apart from the tax on excess profits to be imposed upon the manufacturer. But these are intimately interrelated subjects. The manufacturer was naturally loath to bind himself to comparatively low prices until the nature and extent of this tax had been determined. The individual was quite ready to make sacrifices, but he naturally wanted them distributed equitably throughout the entire community. The Government has authority to commandeer goods, the prices of which are to be determined later on a basis of fair profits; but there is a natural hesitation to use this authority, as such prices are considerably less than those prevailing, unless some scheme be devised so that each member of the trade shall bear his proportionate share of this negative burden.

By others it was contended that these complications could be avoided if the Government were to pay market prices and were then, through drastic taxation, to recover the greater part of the abnormal war profits. But to this again it was objected that America's Allies would thus have to pay extravagant prices from which, in turn, the United States would derive a considerable revenue. In this connection, also, arose the whole question of purchasing jointly for all the Allies, so as to avoid the conflict and competition between distinct purchasing agencies anxious for the same goods and thus driving up prices—a question which

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positively bristles with difficulties—administrative, political, and economic. Business interests have shown a commendable willingness to co-operate and, in many instances, have furnished large quantities of raw materials and finished products at far less than current prices. Numerous business men of proved ability have dropped their private enterprises and are assisting the Government to establish an equitable system. This is the especial task of the Council of National Defence with its many advisory committees of prominent men of affairs. Ability and experience, as well as unselfish public spirit, are available in plenty, but it is taking considerable time to nationalise an individualistic economic system and to overcome the special interests of groups and localities. It probably cannot be done completely, but sufficient has been accomplished to warrant the confident expectation of adequate results in the prosecution of the war.

Finally, the participation of the United States, in combination with the Russian Revolution, has indelibly stamped the war as one between democracy and autocracy. Not only has the action of America been a factor in strengthening the position of those Russians who saw clearly that the fate of their infant democracy was intimately bound up with the defeat of Prussianism, but it has emphasised anew the moral isolation of the Central Powers in a world of progressive freedom. It has weakened the partisans of Germany in the neutral countries of Europe, besides facilitating the overthrow of the unconstitutional *régime* in Greece. Not the least important was its effect in Latin America. The belligerency of Cuba and Panama, the severance of diplomatic relations by Brazil, Bolivia, Nicaragua, Guatemala, Honduras, and Haiti, bode ill to Germany's future trade in Latin America. As China has also broken off relations, there is no large market in which the German merchant will not in the future have to overcome some more or less potent prejudice against his wares. It is the Nemesis of *hubris* and also its remedy.

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In spite of great governmental activity and extensive private work among all sorts and classes of people—which indicates a fine spirit of service—the war is remote and hence somewhat unreal. There is no conceivable danger of invasion and apparently only the slightest chance of a raid by a stray submarine. When the first casualty lists are published the reality will presumably become more apparent. But under no circumstances at present imaginable can the war be as vivid and as concretely serious to the United States as it is to Russia and France or even to Great Britain and the Dominions with their huge toll of suffering. The temper of the people is worthy of all praise, but they have not as yet been called upon to make any marked sacrifices. They have given freely, but it has come from a surplus accumulated during two years of unwonted prosperity. In general, the people are ready to do their duty, no matter what it be, and are calmly facing the prospect of a war of unknowable, but presumably long, duration. The citizen is prepared for everything except for an inconclusive peace, and is demanding that, as a result of his efforts, be they great or small, the life of the future world shall be made more secure for all its peoples and that means be devised to prevent a recurrence of the catastrophe. It is generally expected that some form of inter-State organisation, however rudimentary it be, should succeed to the international anarchy of the modern system of sovereign States. The general aim of the American people has been quite accurately defined by Maximilian Harden in the following courageous words :

The goal of our enemies is democracy and independence for every race ripe for freedom, a real and not a sham reduction of armaments, and a court of justice before which all who are suspected of being responsible in greater or less degree for the outbreak of war must present themselves.

The Administration is likewise looking ahead to an organised society of States. There is little or no talk about

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"peace without victory," for it is being increasingly recognised that defeat is the only means of eradicating Prussianism. The President's views as to this menace to the civilised world have been expressed on many an occasion since his memorable address to Congress of April 2. Thus six weeks later he said :

We believe that the very principles upon which the American Republic was founded are now at stake and must be vindicated.

It is widely assumed that Mr. Wilson's personal convictions as to the significance of the war have been greatly strengthened by his intimate conversations with Mr. Balfour. Certain it is that no one of the Entente statesmen has more clearly defined the fundamental issue than has America's President. In his Flag Day Speech of June 14 he said :

The facts are patent to all the world, and nowhere are they more plainly seen than in the United States, where we are accustomed to deal with facts and not with sophistries ; and the great fact that stands out above all the rest is that this is a People's War, a war for freedom and justice and self-government amongst all the nations of the world, a war to make the world safe for the peoples who live upon it and have made it their own, the German people themselves included ; and that with us rests the choice to break through all these hypocrisies and patent cheats and masks of brute force and help set the world free, or else stand aside and let it be dominated a long age through by sheer weight of arms and the arbitrary choice of self-constituted masters, by the nation which can maintain the biggest armies and the most irresistible armaments—a power to which the world has afforded no parallel and in the face of which political freedom must wither and perish.

The President's staff of administrative officers, the members of his Cabinet, have fully adopted this broad interpretation of the war. The Secretary of State, Mr. Robert Lansing, stated at Princeton on June 16 :

We have cast our lot with the brave nations which are fighting for democracy. We have taken up the sword and with God's help we will not lay it down until Prussian despotism has yielded to the

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united democracies of the world, and liberty, the liberty of Europe, the liberty of America, the liberty of Asia, is made sure for all time.

Equally explicit was Mr. Franklin K. Lane, the Secretary of the Interior. On June 4 he said :

We did not wish to fight Germany. She made the attack upon us ; not on our shores, but on our ships, our rights, our future. . . . The invasion of Belgium, which opened the war, led to the invasion of the United States by slow, steady, logical steps. Our sympathies evolved into a conviction of self-interest. Our love of fair play ripened into alarm at our own peril. . . . The nation that would do these things proclaims the gospel that Government has no conscience. And this doctrine cannot live, or else democracy must die. For the nations of the world must keep faith. There can be no living for us in a world where the State has no conscience, no reverence for the things of the spirit, no respect for international law, no mercy for those who fall before its force. What an unordered world ! Anarchy. The anarchy of the rival wolf packs.

The political significance of these utterances cannot be over-emphasised. In foreign affairs the President is the paramount leader, whose utterances not only shape, but actually determine, public opinion. This is the American tradition. Marked and overt divergence from the official interpretation is considered unpatriotic. Hence these views have definitely become those of the nation. By them the United States stands or falls. The line has been sharply drawn and no compromise is possible. So firm is this stand, so clear is the conviction that the goal is not yet in sight, that there is less talk in America about the terms of the future peace than there is in Europe. In fact, this question does not occupy a prominent part in private or in public discussion. The Press was even officially advised by Washington to be wary of a subject so pregnant with potential discord. It is vaguely but generally recognised that the time is not yet ripe for the determination of these points and that each and every detail of the territorial rearrangements is subsidiary to the fundamental question of breaking the will and power of Prussia-Germany to dictate to the rest of the world.

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The official attitude, which public opinion fully sanctions, is embodied in President Wilson's Note to Russia, published on June 9. Herein he vigorously combated the baldly literal interpretation of the formula, "no annexations and no indemnities," and dissociated the United States absolutely from the negative and futile programme of a mere restoration of the *status quo ante* from which, as he said, "this iniquitous war issued forth." "That status must be altered in such a fashion as to prevent any such hideous thing from ever happening again." The basic principles of such a readjustment he defined in the following lucid words :

We are fighting for the liberty, the self-government, and the undictated development of all peoples, and every feature of the settlement that concludes this war must be conceived and executed for that purpose. Wrongs must first be righted, and then adequate safeguards must be created to prevent their being committed again. We ought not to consider remedies merely because they have a pleasing and sonorous sound. Practical questions can be settled only by practical means. Phrases will not accomplish the result. Effective readjustments will; and whatever readjustments are necessary must be made. But they must follow a principle, and that principle is plain. No people must be forced under a sovereignty under which it does not wish to live. No territory must change hands except for the purpose of securing those who inhabit it a fair chance of life and liberty. No indemnities must be insisted on except those that constitute payment for manifest wrongs done. No readjustments of power must be made except such as will tend to secure the future peace of the world and the future welfare and happiness of its peoples.

After having thus outlined the principles upon which the necessary territorial rearrangements should be based, President Wilson emphasised his further programme for an organised inter-State society :

And then the free peoples of the world must draw together in some common covenant, some genuine and practical co-operation that will in effect combine their force to secure peace and justice in the dealings of nations with one another. The brotherhood of mankind must no longer be a fair but empty phrase; it must be



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given a structure of force and reality. The nations must realise their common life and effect a workable partnership to secure that life against the aggressions of autocratic and self-pleasing power.

The soundness of the principles of readjustment outlined in this Note will scarcely be questioned. They are in full accord with the official statements of Mr. Asquith and Mr. Lloyd George. But they are only very general principles. How they should be applied in practice is an entirely different matter, about which American public opinion has not as yet become crystallised. Possibly it may never reach that state of solidity and clarity, because it is at best very difficult to determine the essential facts. The average American is confused by the mass of contradictory evidence and allegations. He has neither the historical knowledge nor the personal experience that would enable him to winnow the approximate truth from the medley of contradictory statements presented by zealous partisans. In general, however, German statements are suspect and very much more confidence is naturally given to those of America's Allies. And they accept the main outlines of the Allied programme of settlement as they understand it. So warm is the feeling for France and so deep is the admiration for her valorous defence, that public opinion would gladly welcome the return to her of Alsace-Lorraine. Very considerable sympathy is similarly accorded to the ideal of a reunited Poland formed out of the three parts of that nation which were taken by Prussia, Austria, and Russia. Little support, however, will be forthcoming for those Polish chauvinists who demand the restoration of the Poland of 1772 with its large Ruthenian and White Russian elements. There is no definite sentiment about Lithuania and Courland or even about Finland, except the conviction that their peoples should be allowed freely to determine their own future political associations.

No very deep general interest is taken in Italy's unredeemed peoples in the Trentino and in Trieste—though these aspirations are recognised to be legitimate—partly



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because Italy's case has been too predominantly presented in the realistic words of the *sacro egoismo*, but mainly because the American people cannot see the justice in the claim of some Italians to all of Dalmatia, nor do they sympathise with the aim of the nationalistic party to make the Adriatic an Italian lake. To the extent that these aspirations are purely imperialistic—the heritage of Venice's golden past or of "the grandeur that was Rome"—and ignore the present and future rights of the Slav peoples in the Balkans American public opinion will not actively support them.

In so far as Ireland enters at all into this question of future arrangements—and to a limited extent it has entered—there is a growing feeling of impatience, not with English statesmanship, but with the extreme Nationalists and Sinn Feiners. The most enlightened opinion in America has fully appreciated those difficulties of the problem that arise from the Irish temperament. From personal experience in American political life alone it is recognised that there is probably a large element of truth in the saying attributed to an eminent French statesman of the last century: "The Irish do not know what they want and they will never rest until they get it." While the immigrants from North Ireland—the so-called Scotch-Irish—have formed one of the most constructive and progressive elements in American life and have produced an exceptionally large number of able leaders, those from the South have been markedly less valuable both politically and economically. Tammany Hall and the liquor saloon are by no means their sole activities, but to many they seem to be the most typical ones. To the comparatively few Americans who really understand the manifold complexities of the Irish problem, the coercion of Ulster implies the very negation of the Entente principles upon which the United States entered the war; and to them the imperialism of Nationalistic Ireland towards the Protestant North is as repugnant as is that of Germany towards Schleswig and Posen. But men

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holding such views are in a decided minority and popular opinion is largely shaped by the inaccurate statements of elderly Irish-Americans who, living in the past, do not know the Ireland of recent decades and by young Gaelic intellectuals, who hate all imperialism except that of Celtic Ireland, who preach the doctrine of humanity and are yet insistent that mere geographical facts should ruthlessly override human ones of deep vitality. So vociferous are these elements that they cannot be ignored, and it is indisputable that, were this vexatious question definitely settled, an important source of discord in Anglo-American relations would be eliminated.

American public opinion is probably less clear and more unsettled about the future of Austria-Hungary than about any of the problems that the war has thrown into the melting-pot. The average citizen has not the requisite knowledge to determine whether this "ramshackle empire" shall be dismembered into its component national parts, or whether it shall be completely reorganised with international guarantees securing economic and political liberty to its Czechs, Slovaks, Slovenes, Croats, and Roumans, as well as to the hitherto dominant Germans and Magyars. In this connection, however, it is of considerable importance that the Government has through its official bureau of information widely emphasised the peril to the world's freedom inherent in the *Mittleuropa* project and that President Wilson, in his Note to Russia, has placed especial stress upon this phase of German ambitions. The United States is not committed hereby to the creed of *la victoire intégrale*, in so far as the Czechs and Slovaks are concerned, but the elimination of the mid-European menace necessarily implies at least the full restoration of Serbia and the erection of a strong Balkan barrier between the Central Empires and Turkey.

So engrossed was the United States in war preparations that comparatively little attention was paid to Mr. Lloyd George's important speech at Glasgow on June 29. The

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announcement made there that those people of non-Turkish race who had been freed by force of arms would not be returned to "the blasting tyranny of the Turks," but that their future status would be determined at the peace conference, cannot but meet with America's approval. Likewise, Mr. Lloyd George's statement that the sentiments of the people in the former German colonies must be the dominant factor in determining "the future trustees of those uncivilised lands" is in accord with American principles. But American opinion is by no means clear as to the most equitable dispositions of these colonies. This question has been insidiously used by covert pro-Germans and by doctrinaire pacifists to becloud the real issues of the war and to taint the Allied cause with alleged imperialistic aims. Some measure of success has been attained, mainly because the real spirit of British imperialism is very frequently misunderstood throughout the United States. But those Americans who remember that the return to France in 1748 of Louisbourg, in whose capture Massachusetts gloried, was a potent factor in alienating the former American colonies from the Mother Country and who also realise that the Monroe Doctrine embodies an underlying desire to have no aggressive neighbours, will appreciate both the difficulties of English statesmen and also the attitude of Australasia and South Africa towards their conquests. In general, however, it is not widely recognised that there is in England no desire to retain these possessions for themselves, but that the self-governing Dominions are insisting that they remain free from troublesome neighbours against whom constant vigilance is essential. Nor is there a wide knowledge of the sinister and aggressive course of German colonial policy in the Pacific and in Africa or of those events during the war which have rendered Germany's retention of these lands highly undesirable. As yet, American opinion has far from solidified, but there is a tendency to favour the experiment of developing and governing what was German East Africa and other tropical lands as well under

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joint international control as an important function of a future organised society of States.

These questions, however, are kept at present in the background. The sound common sense of the people recognises that they are of subsidiary importance and must remain so until victory is plainly in sight. Moreover, it is realised that such premature discussion of details is not only futile but dangerous, in that it tends to sow discord among the Allies and to divert attention from the immediate work in hand. Some of this discussion has been quite disingenuous, its chief object being to befog the main issue. Similarly, the partisans of Germany—there are still quite a number under cover—have tried to use the pacifist movement for their own ends. These pseudo-pacifists, whose aim is to reduce America's part in the war to a minimum and to bring about an early peace, have tainted the entire peace movement and have rendered suspect the motives of all who do not favour a vigorous prosecution of the war. The American people have always been somewhat intolerant of opposition in time of war and will not patiently allow a small minority to prejudice the welfare and safety of the nation.

New York. July, 1917.

## THE UNITED KINGDOM

### I. THE NATION AND THE WAR.

#### *The Temper of the People*

THE opening of the fourth year of the war finds the country still determined, still patient, and still, in spite of manifold disillusionments, indomitably idealistic. As there has been a good deal of confused incident during the last quarter, some of it important enough to be recorded in these pages, it may be well to state clearly at the outset, what should never have been questioned either in governing circles at home or by foreign observers, that the nation is still thoroughly united as to the prosecution of the war. The instinct of the British democracy on large moral issues is sound. The plain man knows little of the details of the diplomatic and military situation, and he would not try to understand it if he could. But he has long since made up his mind once and for all what it is that has brought this catastrophe upon civilisation, and he knows that the stable peace he longs for can only be attained when the German Government is forced to admit defeat.

This simple and fundamental attitude is firmly fixed in the consciousness of the nation. It is mirrored in the strategy of the General Staff, which, wisely or unwisely, has proceeded on the theory of going straight for the enemy in the main theatre and avoiding all ingenious strategical attempts to find a "way round" to the desired goal. The nation, too, is not looking for a way round : it knows

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that the war will be mainly decided by the armies in the field, and that the issue cannot be evaded by discussion and conference. This realisation is common property among all but negligible sections of opinion: among those who are fond of proclaiming their patriotic determination as among the much larger body of those who disguise the native strength of their feelings, British-fashion, under an air of cheerful and almost ultra-reasonable detachment. Bitterness and vindictiveness are indeed so foreign to the national character, tolerance and fair play are so ingrained, and moral indignation, sustained for years at the same pitch, is found so fatiguing, that an observer unfamiliar with the British temperament might easily misread the national mood. There is among the mass of the people little outward and visible expression of "hate." Even words like "Hun," which were intended to convey that emotion when first adopted, sometimes acquire on the lips of an invincibly tolerant enemy a half-humorous significance, strangely mingled with the contempt and disgust that are always being kindled afresh.

It is something of a misfortune that this traditional national attitude of sensitiveness and broad humanity is not everywhere appreciated at its true worth by the leaders of opinion. Appeals to the national *morale* have sometimes of late been conceived in a spirit of ill-timed vulgarity. It is a pity that the silent rebuke of the people cannot reach the statesmen and the journalists who make them. They should realise that the cheap phrase-making which passed muster in pre-war days falls with an ill sound on ears attuned to the note of sacrifice. To the nation in its present mood, steeled by suffering and filled with sacred memories of its heroic dead, none but the highest and most generous note can make appeal. If to some it may seem that its idealism is in danger of going astray, the fault rests with those in authority who have at times seemed to lack faith in their own countrymen. All that the nation asks from its leaders is moral leadership. Blunders it will

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forgive, and has forgiven. Blunders, it knows, are human. But intemperate and boastful speech and writing it reser ts as an insult to its dead and to their cause.

The last three months have necessitated a certain re-adjustment of perspective as regards the duration of the war and the extent of the sacrifices required for the attainment of victory. The nation had been encouraged to fix its hopes on the continued spring offensive; but the spring brought the Russian Revolution and a temporary collapse on the Eastern Front, with its inevitable reaction upon Allied progress in the West. The war has not ended with the end of the third year, and the end is not in sight. Final victory is delayed, though in compensation its "quality," as the Prime Minister said, is likely to be improved. But there has been an awkward period of transition. The nation had looked forward to 1917 as the last lap and had been spending its energies too recklessly on what it now realises to be a long-distance race. The transition found it in large part tired, overstrained and not unnaturally fretful. A great deal of the "unrest" by which the past quarter has been signalised may be set down to this simple fact. The readjustment has been made and the nation is braced for further efforts; but it has not been easy.

### *Industrial Unrest and the Whitley Report*

In the last issue of THE ROUND TABLE some account was given of the strike of engineers and other workers which took place in various parts of the country in the first half of May, and the view was expressed that it was urgently necessary that the Government should be more closely informed as to the feelings and wishes of the rank and file of workpeople. The strike itself came to an end on May 19 as the result of an interview between the Minister of Munitions and the Executive of the Amalgamated Society of Engineers on behalf of the unauthorised strike leaders,



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who were present at the interview. The main proposal at issue, that of "dilution" on commercial work, though incontestably necessary on national grounds, had to be referred back for further consideration, and after forming the subject of negotiations between Mr. Winston Churchill, who has succeeded Dr. Addison at the Ministry of Munitions, has been dropped for the moment, in order to secure the enactment of other less contentious measures before the recess. This is a good instance of the way in which "more haste" leads to "less speed" when sufficient trouble is not taken at the outset to secure the consent and co-operation of the interests concerned by a policy of frankness and confidence. Meanwhile powers have been taken to repeal the obnoxious "leaving certificate" as soon as it is possible to do so without causing a flow of labour from skilled to better paid unskilled jobs.

The strike was so widespread and its ostensible causes so relatively slight that deeper currents of feeling were realised to be involved. The Government therefore wisely took steps to probe the roots of the trouble. Early in June, eight small Special Commissions of three were appointed, each consisting of representatives of employers and employed and an "impartial" chairman (in most cases a judge), with the broad instruction to "enquire into and report upon labour unrest and to make recommendations to the Government at the earliest practicable date." The Commissions carried through their work with commendable thoroughness and promptitude and their reports, some of which will undoubtedly take rank in the future as historical documents of the highest value, throw such a flood of light on the conditions prevailing in the industrial areas that they are worth quoting at some length for the benefit of readers in more fortunate regions.

The reports differ considerably on some of the details of the field explored. The strength and character of the opposition to the liquor restrictions, for instance, was found to vary greatly from district to district. But on the

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two most important points their testimony was unanimous : that the great majority of the working class was unshaken in its attitude towards the war, and that there was serious and justifiable resentment at the working of the domestic policy of the Government.

A few quotations may be given under both heads. Thus the Welsh Commissioners report :

We have had no evidence that the great majority of the workers have any sympathy with pacifist views : nevertheless when cases come to their knowledge in which conscientious objectors have been harshly treated, even those who have no sympathy with the pacifist attitude show considerable resentment.

The North-Eastern Commissioners desire to

record their opinion that, apart from a small minority, there is no section of the industrial classes who are not prepared to take their part in military service.

The West Midlands Commissioners say :

The Government have all through been too much afraid of the public. They have not realised how solid and unbroken is the determination to finish the war :

whereas the East Midlands Commissioners attribute a measure of the unrest, not to any change in the attitude of the workers themselves to the war, but to suspicions of a change on the part of the Government, and suggest a more definite statement of war aims by the Government "in the spirit of the formula that the object of the Allies is 'to make the world safe for democracy.'"

With regard to the prevailing unrest the London Commission reports :

The unrest is real, widespread, and in some cases extreme, and such as to constitute a national danger unless dealt with promptly and effectively. We are at this moment within view of a possible social upheaval or at least extensive and manifold strikes. No tinkering schemes will meet the requirements of the situation. It is necessary to secure to the working man a fair share of the product of his labour, and a just participation in the establishment of the

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conditions of industry. The workmen consider that they should be dealt with as men.

The causes of the unrest are numerous and operate with a cumulative effect, but, with the exception of South Wales, where, as the report points out, the unrest in the coalfield is chronic and due to special local causes, which are ably analysed, the complaint is generally, not so much against the employer or "capitalist" as against the arbitrary action or inexplicable inaction of the Government. As causes of unrest due to Government action may be instanced the administration of the Munitions of War Act and the Military Service Acts and, to a much lesser degree, the Liquor Control Regulations. Government inaction, on the other hand, is especially blamed in relation to food prices and "profiteering" generally, to the housing problem, and to the vexatious delays and vacillation resulting from the over-centralisation of the Government departments and from the amenability of the highest authority to pressure from contending interests. It is clear from the reports that what is resented is not so much what is sometimes wrongly described as "Prussianism"—that is, the limitations on civil liberty and private enterprise rendered necessary in war time—as inefficient and one-sided governmental action. The vagaries of the War Office would not have been so much objected to had recruiting officers always followed the ordinary rules of civil courtesy; nor would the administration of the Munitions of War Act have been attended with so much friction had the Department shown a little more human understanding of the men with whom it had to deal. For those who do not realise how important a part temper and "atmosphere" play in industrial negotiations the following extract from the presidential address by Mr. O'Grady, M.P., at the annual council meeting of the General Federation of Trade Unions on July 5 may be suggestive:

The relationship between organised labour and private capitalists was on the whole very good, and the very few disputes occurring had

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been settled by a reasonable acknowledgment of the workmen's claims, but . . . he had never known a time when the relations between the Government Departments and organised labour were so bad as now. . . . The whole confusion and danger which had arisen he attributed to the fact that the Government would continue putting the workers under the control of men who had never handled workmen and did not understand them.

The same criticism, which runs through all the reports, is well expressed in the following passage by the North-western Commissioners :

There is no doubt that throughout this area there is grave discontent with the way in which the departments in London exercise the control that is necessary during the war to maintain the upkeep of munitions. The complaints are that every little detail has to be referred to London, that there are wholly unnecessary delays in taking up and settling disputes that have arisen, that contradictory orders and directions are sent out from different Departments, and that the industries in this area are being interfered with by London officials who do not understand local conditions, and that this is very detrimental to industrial peace.

The employers are even more outspoken in their discontent about matters than the workmen. They complain very much of what they call the vacillating and uncertain policy of the Government in dealing with labour problems. Promises are given one day, threats are used another, and things that are said to be decided upon and which are already half acted upon are withdrawn and altered without any consultation with leading local employers. They point out that since strikes were made illegal many strikes have occurred without penalty, and thereby the law and the Government are brought into disrepute. The men complain that their grievances do not receive a hearing, or that the hearing is delayed, or that it is brought before tribunals and arbitrators who are unsympathetic and untrained in the history and practice of modern industrial conditions. . . .

We think that the system which tries to regulate every petty detail of the industrial machinery of the area from offices in Whitehall imposes upon the men who are asked to work it an impossible task. The trenches of industrial warfare are in Lancashire and other like centres, and in our view it is not a business proposition to try and command the great industrial army of these areas with a staff two hundred miles from the base, and nearly all the generals and commanding officers capable of giving direct orders and taking immediate responsibility when labour troubles arise away from the battlefield.

We have been surprised that in this area there are so few high

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officials on the spot ready to undertake the settlement of disputes and the determination of matters of administration, and that so much has to be referred to London for decision. It seems to us that there is over-centralisation and that this is a cause of unrest, and that it should be considered whether it would not be possible not only to leave employers and workmen to settle more matters themselves but to arrange that high officials of labour and munition departments should reside in the area, and be within close touch and ready to visit at a moment's notice localities where unrest manifests itself at the earliest possible moment.

All the reports bore witness to widespread and deep-felt irritation on the subject of food prices, the complaints arising not from any unwillingness on the part of workmen to bear privation if it were necessary in the national interest, but from the conviction that with better and more drastic administration the hardships imposed on their women and children could have been avoided. Thus the Yorkshire and East Midland Commissioners report :

It became unnecessary to ask each witness to state in detail many of their points, it being found that in every case, from every district and class, the primary causes (of the industrial unrest) were asserted as being relative to the common domestic difficulties and actual privations following upon the high price of food and the necessary commodities of life with, in many cases, the utter inadequacy of wages, even though higher than the pre-war rates, to secure the bare essentials for living at a much lower standard of comfort than was considered essential in their homes before the war.

In connection with the high price of food, complaints were general as to profiteering, coupled with statements that the discomforts experienced would be borne with comparative composure were such felt to be necessary to win the war, but from the published results of trading and shipping companies and from speeches and other information everywhere obtainable, the conviction was general that insufficient steps had been taken by the Government Departments to prevent profiteering, exploiting, and plundering, such as made the poor contribute heavily to the abnormal advantages of those traders and others who by their selfishness secured immense gains from the sacrifices and sufferings of the poor.

Were the food problem immediately and drastically dealt with a very large measure of the unrest, it was stated, would be allayed, and there might then be restored some measure of faith and confidence in the Government, such as unquestionably does not appear to exist,

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either in employers or employed, in any one of the various industries we have investigated.

And the Scottish Commissioners concur in this view. "It was stated," they report, "that workmen would gladly give up their war-time increases if the cost of living could be reduced to pre-war figures."

One Commissioner, Mr. J. J. Mallon, whose opinion on such a matter carries weight, refers to the prevalence of strong feeling as to the inequality of the sacrifice demanded from rich and poor during the war. He states that

the hardship following upon the inflation of the currency, the increase in the rate of interest due to the extension of credit and the consequent upward movement in prices and the redistribution of national income in favour of those who were already wealthy, is a profound and indeed fundamental cause of industrial unrest, causing as it has a more acute sense of social inequalities;

and recommends a careful review and substantial increase of the income tax "as regards those incomes which are capable of curtailment without any real loss to the amenities of life."

Serious as the grievances as regards food prices and departmental administration undoubtedly are, the most terrible exposure in the reports is on the subject of housing. This question is prominent both in the Welsh and the North-Western reports, and the account given in the latter of the conditions at Barrow is so appalling that it is worth while quoting it at some length, if only to afford occasion for surprise that the "unrest" which it produced had not come to a climax long before.

The simplest method, as it seems to us, of bringing home to the minds of those who are so far removed from the real conditions which are largely responsible for industrial unrest in this town, is to set out without comment or criticism the facts of the case. The first point to appreciate is the numbers of the population and the number of houses to contain that population. To those who have the rare power of translating statistical figures into the facts of human life the following figures will be convincing. In order to



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understand what a terrible indictment they form against the rulers and governors, whoever they may be, who are responsible for providing homes for the workers, many of whom are legally prevented from leaving their employment without permission of a Tribunal, it must be remembered that at the outbreak of War there was a well-recognised shortage of houses in Barrow, and this was, or ought to have been, understood by the authorities. The following are the official figures as given by the Borough Treasurer of Barrow :

Population at December 31, 1911 ..	..	..	64,594
Population at December 31, 1916 ..	..	..	85,179
Number of houses at March 31, 1912 ..	..	..	12,902
Number of houses at March 31, 1917 ..	..	..	14,791

But for the fact that Barrow lies in a very isolated position and that it is considered inadvisable to inform the public through the medium of the Press of many of the evil conditions of industrial life, we cannot believe that the facts we propose to set down could so long have remained actual conditions of domestic life in England in the twentieth century. We had no power to examine witnesses from London as to why no remedy had been attempted, nor do we desire to lay any blame upon officials for what has happened and is still happening. The fault lies, of course, in the centralisation in a corner of the South of England of the only people who have any power to set things right, and their ignorance of the problems they are supposed to deal with. The witnesses from whose evidence we quote a few statements were not drawn from any one class, and indeed no decent person who understands the conditions of housing in Barrow could do anything but condemn them. One who thoroughly understands these conditions made a report to us at once when we were first appointed. "I put," he writes, "the housing question in the forefront. For the majority of the workers here there is no home life. In some instances the wife is engaged on munition work, but in the majority of cases she is occupied with looking after lodgers. The housing question is acute. The number of beds occupied by night and day on the Box and Cox principle is very high and runs into thousands. . . . Also I would point to the very inadequate provision for maternity cases. In many homes it is impossible to deal with them, at any rate with decency. The alteration in the train service and the reduction in the number of trains has made the housing question even more acute. In consequence of the withdrawal of trains to and from Ulverston people in business have had to come and live in Barrow, as otherwise they could not have got to work in time. . . ."

What adds to the troubles of the worker is that as he must find



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accommodation somewhere he is bound to pay any price, however exorbitant, for lodgings when he cannot obtain a house of his own. A witness pointed out that although "the house owner is prohibited by Act of Parliament from raising his rents in munition areas, there is no prohibition as regards tenants increasing the price they ask for lodgings or rooms, and I have come across many cases where 12s. per week is the charge for one room unfurnished in a house of which the rent is from 7s. 6d. to 9s., and I believe in many cases even more than that is being charged."

The report goes on to add that while the State, either in the form of Government, or Department, or Municipality, had taken no action at all in the matter up to the time of the investigation, a local firm,

"which did not take three years to discover that there would be such a thing as a housing problem in Barrow," was instrumental in building some 270 cottages.

Under conditions such as these it is not surprising that "unrest" should have developed, and that its most conspicuous feature should have been a suspicion and distrust of the constituted authorities. When matters are obviously ill-organised and neglected, when flagrant grievances remain unredressed and are aggravated by unnecessary delays and by conflicts of jurisdiction between the officials or departments concerned, the ordinary man lumps the blame comprehensively on "the Government" and "the authorities," and in the last analysis he is right. This is the psychological explanation of the fact that the unrest has crystallised into a "rank and file" movement led by "shop stewards" wielding an authority unrecognised in many cases by the authorised trade union movement. Much could be written as to the significance of the "Shop Stewards Movement," which is in essence an outgrowth of the spontaneous democratic sentiment of large bodies of workpeople, many of whom feel that their constitutional leaders have lost touch with them owing to their absorption in official duties, and have learnt by experience that the best way to secure the quick redress of their grievances

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by an overdriven Government is by taking independent action. As the London Commission remarks, the movement itself is divided into moderates and extremists, and its spirit varies greatly from place to place; but they wisely point to the "danger that unless some satisfactory arrangement be made for representation of the workpeople in shop negotiations a large section of the shop stewards proper will make common cause with the revolutionary group."

It is worth while, however, laying stress on the fact that, anti-governmental as the movement tends to be in temper, it is in no sense pacifist. It accepts the war, but it accepts also the reactions of the war on the bargaining power of labour. Narrow though its attitude is, it is not unpatriotic, and those who would use it to forward the purposes of the small minority who are opposed to the war find it more politic, in dealing with them, to conceal the drift of their thoughts.

While the Industrial Commissions were engaged upon their work, a report was issued from another official quarter which was seized upon by all of them as standing in the closest possible relation to the problems on which they were engaged. A strong and representative sub-committee appointed by the Reconstruction Committee—since created a Department—had been for some months considering the broad problem of "relations between employers and employed" with a view to post-war conditions. Its first published recommendation\* took the form of a short report advocating

the establishment for each industry of an organisation, representative of employers and workpeople, to have as its object the regular consideration of matters affecting the progress and well being of the trade from the point of view of all engaged in it, so far as is consistent with the general interest of the community.

\* Cd. 8606, 1d. *Interim Report on Joint Standing Industrial Councils*, known, from its Chairman, as the Whitley Report.

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In other words, what this committee of employers, workmen, and social students desire to see is some regular machinery for bringing together employers and employed on an equal footing to discuss not, as too often at present, matters where the interests of the two sides are divergent but the much larger number of questions relating to their common business on which their interests are substantially at one. The establishment of a living symbol of partnership in a common service would not only improve mutual relations and prevent the growth of misunderstanding, but would give a new status and dignity, a sense of professional pride, to all who are engaged in activities which are, after all, in the truest sense national and social services. After setting forth the establishment of such Joint Standing National Councils in every industry as the ideal to be aimed at, the sub-committee recommends their immediate establishment in the well-organised industries, where the means are ready to hand, and lays stress on the fact that they should be closely linked up in every case with district councils similarly composed and with works committees in individual factories "to act in close co-operation with the district and national machinery." No more hopeful proposal has issued from any official quarter during the war. The comments made on it both in the Press and in the Commissioners' reports indicated that its suggestions were not only practicable but urgently necessary; and it is satisfactory to know that the new Ministry of Labour, to which they have been referred for executive action, is actively engaged in promulgating the scheme and devising means for its adoption. It is difficult to see in what other way the complex and contentious industrial problems which will arise in the post-war period, and in which neither side desires to see the State play too prominent a part, can be handled with full understanding and to the satisfaction of both sides.

The Report has, indeed, been so well received that it is tempting to carry the line of thought which it suggests a

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step farther. If the proposed industrial councils are created they might eventually, either individually or acting in association or through some central body, come to play an important and much-needed part in the improvement of the national life. No one can reflect upon our existing industrial system—its unwieldiness, its jostling individualism, its distorted scale of values, its enthronement of “things” over men—without feeling the urgent need for some authoritative body which shall attempt to think out the problems of industry as a whole in a practical temper, but from a human or Christian standpoint, and to build up what will become, in the best sense of the word, a professional spirit and code of conduct among all who are engaged on the manifold forms of social service comprised within its range. As the history of State intervention during the war has abundantly shown, it is not the system of private enterprise which is at fault but the spirit and motive with which it is too often conducted. The “revolution” which is sometimes lightly spoken of as imminent in our industrial arrangements cannot from the nature of the case take place from without: it must come from within, from those who alone have the knowledge of men and things, and the power to use it. There is abundant evidence that the lessons of the battlefield are slowly finding their way back to the workshop and the counting house, and that, difficult as the hour is, the inner change is already in process which must end by bringing the *morale* of “business” into line with the high sense of public service which the war has revealed in all classes.

### *The Education Bill*

These things lie as yet hidden in the future. They will not come to the test to-morrow or the day after, but in the slow years of recuperation which will follow the war.

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How far the hopes men entertain to-day for a better England will be realised depends, more than upon any other single factor, upon the development of our system of national education. To-day the torch is in the hands of the fighting men. To-morrow, when they rest, it will have passed to the great army of teachers. To the forward-looking mind, therefore, the introduction of Mr. Fisher's long-promised Education Bill on August 10 is the most important domestic event of the last quarter. It cannot be said that his proposals quite rise to the level of the unique opportunity. Nevertheless, as was said in the course of the debate, the Bill, if it passes, even in its present imperfect form, "will mark the greatest advance in the education of the general people of the country since Mr. Forster's Act of 1870"; and it derives additional significance from the fact that it is introduced by one who is familiar with the practical work of teaching and knows that the essential problem in education, so often forgotten in the complexity of administrative detail, is simply to "bring together the right teacher and the right students under the right conditions."

The principles of the Bill had already been foreshadowed in a previous speech. Its main provisions may be briefly summarised:

(1) The universal extension of the elementary school age to fourteen without exemptions, with powers to the local authority to raise the age to fifteen. This involves the abolition of the half-time system in certain parts of Lancashire and Yorkshire, affecting 30,000 children between the ages of twelve and fourteen.

(2) The provision of nursery schools, generally in the open air, for children under five, to be accompanied, when this provision is adequate, by powers to the local authorities to raise the age, at which normal instruction in the elementary school begins, to six.

(3) The prohibition of the employment of children for profit under the age of twelve. Strict limitation of the employment of children between twelve and fourteen,

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subject to veto or regulation on the report of the school medical officer.

(4) Compulsory "continuation" education in daylight hours for boys and girls between fourteen and eighteen for a period of 320 hours a year, or the equivalent of eight hours a week for forty weeks. Classes not to be held on Sunday or any normal holiday or half-holiday, and the instruction to be partly physical, partly general, "with a vocational bias, the force of which will be graduated according to the age and occupation of the pupil." Local authorities to be empowered to provide school camps and social training for associations dealing with juveniles. This is the part of the Bill which is most disappointing. Opinion is undoubtedly ripe for a "half-time" measure. The proposed eight hours will be far too little to provide at once for physical, vocational and liberal training, and a half-time arrangement would in many ways be more convenient to employers. The extension would involve a large increase in the number of teachers required; but if the call is made in the right spirit the teachers will be forthcoming.

(5) Extension of school medical service to secondary and continuation schools.

(6) Improved provision for higher elementary education—*i.e.*, for the last two years of elementary school life—and for transference to secondary schools "at suitable ages."

(7) The submission on the part of local education authorities to the Board of Education of schemes "to provide for the progressive development and comprehensive organisation of education in their respective areas." Removal of the twopenny limit on the higher education rate. Statutory authority for the formation of "provincial associations," consisting of two or more authorities acting together for certain purposes.

(8) Provision of free inspection for non rate-aided schools when asked for, and compulsory powers to call for parti-

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culars from "every school or educational institution," including private venture schools.

(9) Consolidation of elementary school grants.

The Bill will excite lively discussion in the country and should be strengthened before it reaches the Statute Book.

Of even more immediate interest to the general public was the resignation of Lord Devonport from the post of Food Controller and the appointment of Lord Rhondda as his successor, with Mr. J. R. Clynes, one of the ablest of the Labour members, as his Under-Secretary. Lord Rhondda was known as a "strong man," and the situation certainly demanded strong measures. His first action was to appoint as his chief of staff Mr. U. F. Wintour, the Director of Army Contracts, who had devised a policy in that department which has proved one of the administrative successes of the war. Briefly stated, the policy of the War Office Contracts Department, which it is now intended to apply to the food trades, is to obtain control of the supplies, both imported and domestic, and, having obtained it, to regulate prices and profits on the articles in question on the basis of ascertained costings. It has been applied with success to wool, leather, jute, clothing, boots, barbed wire, cutlery and medicines, as well as to the supplies of jam, tinned meat, tea, and oats for Army use. To apply it to the food trades involves a large organisation, which will be carried through in the light of the previous experience; but it also involves a measure of control over the retail stage which did not arise in dealing with the Army. If the principles applied in the previous sphere hold good, "profiteering" in food will be effectually checked and the most potent cause of unrest removed. No such policy, however, can do away with the hardship arising from the rise in the price of food due to causes which no administration can prevent. The Department has therefore embarked on a further experiment—that of selling bread below cost price at the expense of the Exchequer. On September 1 the 4 lb. loaf is to be brought down from the neighbourhood



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of a shilling, where it now stands, to ninepence. The cost to the taxpayer is estimated very roughly at £40,000,000 a year.\*

Another departmental matter which must be mentioned is the transference from the War Office to a civilian department of the control over recruiting—abandoned by Lord Derby with a gesture of eloquent despair during the course of an inquiry into the conduct of the medical examinations for the Army. Very great indignation had been caused in the country at the treatment of the medically unfit, both civilians and discharged soldiers, and the inquiry demonstrated that once more the popular impression was justified. It is only fair to say that the War Office witnesses showed clearly the enormous difficulties involved in the sudden transformation without adequate forethought of a “registering machine” into a “thinking machine”; but they could not excuse—indeed nothing could excuse—the behaviour of some of their local “jacks in office.”

### *The Resignation of Mr. Henderson*

This brief record cannot close without reference to an incident which may prove to have an important influence on the domestic politics of the country and its attitude to the war—the resignation of Mr. Arthur Henderson, Secretary of the Labour Party and now once more Chairman of its Parliamentary group, from the War Cabinet. As Labour representative in the British Cabinet Mr. Henderson had been dispatched by his colleagues, like his French compeer M. Albert Thomas, to Petrograd to report upon the Russian situation. Whilst there he was met by the request of the Council of Soldiers' and Workmen's Delegates to facilitate British participation in an International Socialist Conference at Stockholm at which the peace

\* Reply by Mr. Clynes in the House of Commons, Aug. 8. For details as to the War Office Contracts policy see the departmental memorandum (Cd. 8447, 3d.) and the *Daily Chronicle* for July 6.

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programme of the International should be discussed. The Russian Socialists desired that the Conference should be of a "mandatory" character—in other words, that its decisions should be regarded as binding upon the parties even if this involved action, possibly even rebellious action, against their own national Governments. Mr. Henderson naturally deprecated a Conference upon these lines; but his stay in Petrograd convinced him that some sort of International Conference was desirable in the interests of Anglo-Russian friendship and of the international working-class movement in general, and he expressed his intention on his return home of using his influence in favour of a Conference of a purely "consultative" character. On July 24 he returned to London on the expiration of his governmental mission. On July 25 at a meeting of the Labour Party, at which he was present as secretary, he reported the results of his Russian visit, recommended the acceptance of the Russian invitation to Stockholm on the conditions laid down, and advised the summoning of a Special Labour Conference, which was called for August 11. It was also decided at the same meeting to accept the French Socialists' invitation to send a delegation to Paris. The French, it may be remarked, were already committed to Stockholm by a decision of the Socialist National Council on May 28. Mr. Henderson, Mr. Wardle, and Mr. Ramsay Macdonald were the members selected, and in the last days of the month they proceeded to Paris. Mr. Henderson entered into the arrangement for the trip without informing his colleagues in the Cabinet, but they reluctantly acquiesced in it at a Cabinet meeting before his departure, apparently on the understanding that arrangements were to be made for an allied Socialist Conference in London, but that no decisions should be taken in regard to the Stockholm Conference with the enemy. The Prime Minister, who was absent in Paris at the time of the meeting in question, defended Mr. Henderson when the matter was brought up in the House of

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Commons on August 1, but it was clear that the "embarrassing duality of his functions" was causing difficulty to his colleagues and that they did not see eye to eye with him in the question of the Stockholm Conference. The Prime Minister referred to the subject in his speech on August 4, when he stated that "the nation as a whole makes war . . . and the nation as a whole must make peace," adding that "the other way is not the way to a satisfactory peace, and I am sure that those in Russia who at one time thought so have ceased to be of that opinion to-day."

Meanwhile the Labour Conference, called for August 11, was approaching. What happened during the days preceding it is not quite clear. Mr. Henderson claims that he had in no way altered his opinion as to the desirability of British participation in a consultative Conference. The Prime Minister and the other members of the Cabinet were emphatically of the opinion that he had, and expected him to use his influence against it at the Labour Conference. Just before the Conference a telegram arrived from the Russian Government making it clear that the new Coalition Ministers were in no way associated with the Conference, which they regarded as a Socialist party matter. Nevertheless, Mr. Henderson, in his speech to the Conference, urged the acceptance of the Stockholm invitation on the twofold ground that it would improve Anglo-Russian relations and that it would be an effective use of the "political weapon" against the enemy. His speech carried the delegates, who voted acceptance by a three to one vote, the skilled unions being mainly in the majority and the unskilled in the minority.

Next day Mr. Henderson resigned from the War Cabinet, and the Prime Minister took the unusual course of writing him a public letter, in the course of which he charged him with having dealt unfairly by his colleagues. The matter was discussed in the House of Commons on August 13, when it became clear that Mr. Henderson's double rôle had

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put him in an impossible position. On the same day it was announced that, in conformity with the decision of the French, Italian, and American Governments, the British Government would not grant passports to Stockholm. Next day the Labour Party Executive decided to renew their representations to the Government on the matter, which will be further considered at another Labour Conference on August 21. On August 16 a Russian official statement was published, declaring "that it is useful that questions concerning war and peace should be submitted for discussion at the Socialist Internationale" and deprecating "any obstacles whatever to participation in the Stockholm Conference," but at the same time emphatically denying that a Party Conference can "claim to formulate decisions which could in any way bind the Government." M. Kerensky, in an interview published next day, took up a markedly neutral attitude. He did not express opposition to the Conference, nor, on the other hand, approval. "Our Conference," he said, "the Conference of Governments, is the London Conference. The Swedish Conference is the Conference of Labour Parties." Meanwhile, one of the conveners of the Conference, the Dutch-Scandinavian Committee, hastened to accept the "non-mandatory" basis desired by the British Labour Conference.

Here, at the moment of writing, the matter rests. Obviously it has a twofold importance, international and domestic. Its international bearings are beyond the scope of this article. Its domestic importance arises from its possible effect on the relations between the Government and the Labour Party. It would be a serious misfortune, not only to the country but to the whole Allied cause, if the incident were allowed to lead to a cleavage of policy and sentiment between the large and important body of opinion represented at the Labour Conference and the Government which is at the moment the protagonist in the struggle for human freedom.

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Fortunately there is and can be no manner of doubt as to the substantial agreement and unity of the aims of both parties. On the very day of the meeting of the Labour Conference the Labour Party Executive issued a draft of a statement on war aims destined, if approved by the adjourned Conference, to be laid before the Inter-Allied Socialist Conference on behalf of the British party. It is a document which will take rank as the most constructive contribution ever made by British Labour to the policy of nations and as the fullest and clearest statement yet issued on peace-terms from any authoritative quarter. Not only does it reaffirm the general aims of the Allies, with which the public is familiar, but it works out many of the principles involved in closer detail and makes a number of practical, if in some cases contentious, suggestions. The production of a document of such breadth and scope by a party which has hitherto been somewhat parochial in its outlook is a matter for congratulation and should effectually dispose of the idea that the working class is not equally qualified with other sections of the community to bring its opinions on international policy to bear on the Government of the day. It will be interesting to see what steps the party proposes to take to urge its views upon the responsible authorities and also what effect it will have on public opinion not only amongst our Allies and neutrals but also in Central Europe

London. August, 1917.

### II. IRISH SETTLEMENT BY CONSENT

**A**FTER the kaleidoscopic confusion of many months past, events in Ireland have brought us to a point where the whole situation stands out clear cut and well defined. Never was Convention summoned at a more opportune time or staged with more appropriate dramatic appointments than that which sits in Dublin at the present time to decide the future of Ireland.

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The first necessary step in the clearing up of the situation was the granting by England of total amnesty to the political prisoners of the rebellion. This measure—inevitable for a long time if any settlement were to be arrived at—was delayed until Mr. Dillon and his friends had had time to make it appear as though they had wrung it from a grudging Government. It came just too late to prevent a peculiarly brutal murder in the streets of Dublin—made possible by the mingled weakness and audacity of Count Plunkett's accidental leadership—but just soon enough to prevent that incident from having any definite political or legal consequences. The prisoners were received with enthusiasm and a little, but not much, rowdyism, which they quelled as promptly as possible. They lost no time in settling down to business, and the effects on the country have been altogether remarkable. Sinn Fein was a loosely knit body of sentiment, based to a large extent on the memory of the dead, owning allegiance to disunited, shadowy, ineffective leaders, and articulate only through the methods of hooliganism. It was being used as a sort of lever by Mr. Dillon and some of the more extreme members of the Irish party to gain back lost ground for that party in Ireland, and incidentally to gain for themselves the leadership on the ground that Mr. Redmond could not combat this movement. Had such a state of things persisted there might well have been more bloodshed, another ineffective revolution, costing probably far more than the earlier one and leading not only to further measures of repression by England but also to a deeper division between Irishmen, both Nationalist and Unionist. Settlement in Ireland would then have been impossible for a hundred years.

But with the return of the prisoners the situation changed. The leaders immediately asserted themselves and were at once recognised by the people, as men who assert their claims to leadership usually are. Count Plunkett and his nebulous régime sank into the background, and Sinn Fein became an organised body, with a head, a

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centre, and a policy. One interesting fact may be commented on. Mr. De Valera was, by virtue of his American citizenship, a survivor among the actual leaders of the rebellion, and this fact entitled him to first place in the Sinn Fein party on his return. But among the prisoners was also Mr. John McNeill, who by withdrawing himself and his large army of followers at the eleventh hour had robbed the rising of much of its force. Public curiosity was rampant as to the position which he would occupy when released. By many he was regarded as a traitor, and there were those who said that he would not dare return to Ireland or, if he did, he would pay the penalty with his life. But his election while still in prison as president of the Gaelic League showed that his political career was not closed, and Mr. De Valera took him down to East Clare to join in the campaign. Thus Mr. McNeill's position was made secure, and at the same time Ireland had an opportunity to see that in the new Sinn Fein party there was a place for moderation; the ancient doctrine of "he that is not for us is against us" was not to be applied in all its fierceness.

The results of the organisation were strikingly demonstrated in East Clare. Only the known strength of Sinn Fein sentiment throughout the country made any observer contemplate a victory for De Valera. The boldest prophets only suggested a margin of a few hundred votes, and frequently wavered even in that. A few days, even a few hours, before the poll was declared the odds were in favour of Lynch. The voters of East Clare did not talk—and, what perhaps is more remarkable, they did not fight among themselves to any appreciable extent. But about eighty per cent. of them went to the polls, and the result was a landslide for the leader of Sinn Fein, at which he and his friends were almost as much taken aback as the rest of the world.

Thus a man who had voluntarily and enthusiastically made the supreme sacrifice for the British Empire, a man of the blood of the leader of the Irish Party which Clare had



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so long supported through thick and thin, was succeeded in this remote and conservative constituency by a man who had been prepared to make the same sacrifice in fighting to destroy that Empire and that Party.

To close observers the aftermath of the election was even more interesting than the election itself. There seems no reason to doubt that Mr. De Valera was thoroughly surprised by the extent of his victory, and that it caused him considerable embarrassment. A young revolutionary party thrives best in precarious conditions of struggle; the Sinn Fein party was enjoying such conditions and expected in East Clare to add one more hard won triumph which would justify a continuance of the same tactics. Instead of that the clean sweep in East Clare proved that the policy had conquered the country. Irishmen—and Englishmen too—were now entitled to turn to Mr. De Valera and say: "You have proved your point, the country is behind you, and your policy is accepted without the need of further by-elections. Now all you have to do is to tell us what your policy is, and we can see how far it can be put into practical operation." Such a position would be extremely gratifying, no doubt, in many ways to the Sinn Fein leaders, but it would also be most embarrassing to them in the event of their not having any practical and constructive policy to declare. This, in fact, seems to be their position. The Nationalist party fought for many years for an ideal which it called Home Rule, and when the prospect of victory seemed within its grasp people discovered that it had never enunciated any facts whatever or defined the details of the measure which it claimed to secure. By this weakness it was forced into the position of having to allow Englishmen to draft the Bills intended to give effect to Home Rule; thereby it became itself practically a wing of the English Liberal party, and so brought about a weakening of confidence in itself, and finally its own fall. Similarly the Unionist party has been condemned for years to be a mere negation of the Nationalists,

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and because the people of Belfast agreed in this negation they, who should be among the most advanced thinkers on industrial and labour questions, have been perforce almost disfranchised and wholly inarticulate. It has been to a great extent the want of any constructive policy among the official parties which has thrown so many Irishmen into the arms of Sinn Fein ; but now the results of East Clare seemed to exhibit Sinn Fein itself in practically the same light.

Mr. De Valera's dilemma is a very real one. He is so prominent before the world now that on the one hand he must enunciate a policy and make every effort to carry it into effect—while, on the other hand, he can hardly afford to retreat, except very gradually, from any position he has already taken up. The latter difficulty is no doubt accentuated by the fact that the world's opinion of his position is largely derived from newspapers which are neither too accurate nor too well disposed towards him. One position he has definitely assumed, and it is supposedly on its appeal to Irish opinion that his success rests. He demands a free and independent country untrammelled either by the English connection or by the forms of monarchy—in other words, an Irish Republic. This freedom is to be won by force of arms if necessary, the conditions being that revolution must only be undertaken when it has some prospect of success ; in the alternative it is to be demanded as a concession of right from the assembled peoples of the world at the Peace Conference—whenever and wherever that body may meet. Such, at any rate, is the general conception both among friends and enemies of the East Clare programme. But Mr. De Valera is a man of too much intelligence and education not to be aware that this programme is one which is valuable just so long as his party is a minority struggling against tyranny, and no longer. As a practical policy which he may be called upon to carry out it has little value. Complete freedom of this kind is obviously more than England will or can ever grant, and the expectancy of successful revolu-

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tion is, as he well knows, a fatal will-'o-the-wisp. Evidently he must desire to find a safer, more practical and more constructive policy on which to build up a new Ireland. It was suggested that a means to the end might be found in the Peace Conference if Sinn Fein representatives attended it. But in place of such hopes for the future now stands the immediate reality of the Convention. It must be uncomfortably obvious to the leaders of Sinn Fein that in establishing this Convention England has taken the wind out of their sails. She has said: "I see that the Irish people are dissatisfied with things as they are; I see that they differ among themselves as to how things should be made better. I have learned from experience that my own statesmen cannot understand or reconcile these differences, so I will allow them free opportunity to settle the matter for themselves." In saying this England issues a plain invitation to Sinn Fein to state its case, and Mr. De Valera knows that the opinion of all nations will turn against the party which refuses to come into this Convention. The claims Sinn Fein can make to justify its abstention from the Convention are that the subject of an Irish Republic was ruled out, that Ulster was given a guarantee against coercion, and that the promise of a referendum on the decision of the Convention was withheld. The question for Mr. De Valera is, will he stand by these claims or will he find a means of entering into negotiation with the Convention? What hampers him in the latter course is that, as we have already pointed out, this matter of the Irish Republic is the one definite point on which he is pledged to his followers. That he is making some effort to bridge over the difficulty seems clear from reports of recent utterances, if these are taken as accurate. Thus, when asked by an enterprising reporter why he did not abandon these impracticable schemes in favour of something more within reach, such as Colonial status, he is said to have replied that whenever any scheme consistent with freedom was put before the Irish people they would con-

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sider it. More recently, too, he remarked that the chief revolution Sinn Feiners wanted was a revolution against the methods by which the Irish party sought to govern Ireland. This is an aspiration with which most of his fellow-countrymen agree. Signs of other kinds are not wanting that if a good compromise is offered in the right way it will be accepted.

Meanwhile the Convention sits in Dublin, with the good wishes of most people and surrounded by a useful veil of mystery created by the Defence of the Realm Act. Its first official action, the choice of Sir Horace Plunkett as chairman, won the approval of the whole country and quite changed the attitude of Irishmen towards the subsequent proceedings.

Before the Convention actually assembled the prevailing feeling even amongst those who wished it well was one of profound pessimism. The abstention of Sinn Fein and of some elements of Labour as well as of the O'Brienites and the apparently uncompromising attitude of the Ulster delegates combined to give the whole proceeding an air of unreality. The basis of representation by chairmen of County Councils elected on an obsolete register was not calculated to restore confidence and the long period of delay and uncertainty led to alarming rumours. It was also believed that as soon as the Convention met a fierce struggle would take place as to the election of officers, and the belief that this difficulty would be got over by the arbitrary appointment of English nominees caused great concern. But the *fait accompli* has a wonderful force in Ireland, the mere fact that the Convention had met without disaster was sufficient to change the feeling of spectators, and when it was further announced that a man respected throughout Ireland for his constructive work and bound by no party pledges had been unanimously elected to the chair, optimism reasserted itself.

The difficult stages of approving of a secretariat, a standing committee and a plan of procedure having also

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been arranged without dissension, it may be taken for granted that the Convention will have very wide support for any conclusions at which it may arrive. We have suggested what the attitude of Sinn Fein might be. It now seems that Ulster also is not beyond persuasion. A remarkable letter in the Irish papers of August 8 from Mr. Thomas Sinclair, of Lisburn, shows that there are some Unionists in the North who are disposed to agree that changing conditions have rendered the old uncompromising opposition no longer valid. Mr. Sinclair is no doubt a free lance, but it is inconceivable that he would have written such a letter had he stood entirely alone in his opinions. Sufficient safeguards, suitably chosen concessions, such as it is understood both the English Government and the Irish politicians are willing and anxious to offer, may yet render even an advanced measure of Home Rule acceptable to Ulster.

The Convention has a difficult and delicate task before it, and the authorities have wisely tried to prevent its being rendered impossible by the order enjoining silence on the Press.

It may be of interest to refer to two of the many pamphlets and articles which the calling together of this assembly evoked. Mr. George Russell's (A.E.) pamphlet "Thoughts for a Convention" contained perhaps the most brilliant and at the same time well-informed review of political thought in Ireland which this country has seen for many years. It had a circulation which for Ireland was unparalleled, and the number of people of different parties who read it and accepted it as a sincere and valuable document is as good an augury for settlement as it is a testimony to Mr. Russell's observation and ability. A very different document is "Suggestions for an Irish Settlement" in which "Two Irishmen" presented a definite draft of a Bill for setting up an Irish Colonial Government with provincial administration. This was remarkable as being the first attempt to reduce a large amount of Irish political thought to a cut and dried basis which might be debated in

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detail. It is probable that the Bill, which is drafted with knowledge and ability, goes as near to representing the desires of a majority at least of the moderate-minded men in all parts of the country as any proposal at this time could go. Its authorship is an open secret in Dublin and it is satisfactory to note that both persons responsible are at present attached to the staff of the Convention.

One interesting feature to those who have been interested in this phase of Irish life will be the prominent part which Sir Horace Plunkett and those who believed in his economic ideals are now called upon to play in this political reconstruction. The followers of the co-operative movement, in spite of constant misrepresentation, have steadily refused to identify themselves with any political party but they have never ceased to interest themselves in the political future of Ireland as seen from the wider non-partizan point of view. The value of this body of opinion is now appreciated, and we may safely prophesy that the experience and the fair-mindedness of these men will have a marked effect on the deliberations and conclusions of the Convention.

We are thus reminded of the economic considerations, to which considerable attention has been paid in previous articles. Persistent agitation has had some slight effect in ameliorating conditions in Dublin, and some attempts have been made in the direction of providing work for the unemployed and also in the raising of wages. Nevertheless, the position remains very serious, and dissatisfaction in Ireland against England's economic administration and also against local employers is reaching an acute stage. At the present time, while the townsman becomes more and more embittered against the farmer, the latter is feeling a deep sense of grievance against the Government, and if home-grown food supplies are to be assured in the future some settlement must undoubtedly be arrived at without further delay. The harvest which is now rapidly approaching will see an enormous increase—estimated at about

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40 per cent. on previous years—in the Irish grain crop. The increased area of tillage needed to produce this result was, in the main, willingly taken up by Irish farmers in direct response to the demand of the Government, and it is safe to say that most of the work would have been done without the spur of compulsion. At the same time, the farmers definitely understood that they would be adequately rewarded for the arduous and in many ways precarious labour and the large investment of dear money involved. They were, in fact, definitely guaranteed certain attractive but, in their judgment, not excessive prices. The delay over the passage of the Corn Production Bill, the incomprehensible nature of its clauses, especially in regard to the method of payment, the obscurantist attitude of the Department of Agriculture and the general neglect of Irish interests in existing legislation combine to make them feel that they are now to be deprived of this reward. Recent orders with reference to flax and to prices of cattle have strengthened this opinion and have caused the liveliest dissatisfaction, while the proceedings of the Committee appointed to fix maximum butter prices have without any question been grossly unfair to one of the staple industries of this country. Meanwhile the Press, the townsmen, and even Government authorities continue to point to the farmer as the worst of profiteers. It is not denied that certain large farmers are reaping great prosperity from war conditions, but this is certainly not true of the average smallholder in Ireland. Probably consumers who eat expensive butter hardly realise that the Irish producer is supposed to be well paid with 7d. a gallon for milk and his skim milk back. Compare with this the recommendation of a recent Committee that in England during the coming winter the price of milk to the farmer shall be 1s. 8d. a gallon and the Irishman's grievance may be well understood. As a matter of fact, there has been more bankruptcy among small farmers lately than for many years past.



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The clue to the mystery seems to lie in the fact that neither the people nor the Government can be brought to realise the number of middle profits which the farmer has to pay before he obtains his raw materials and his domestic necessities, and the corresponding number of tolls which increase the price to the consumer of what that farmer produces. As an example, cheese is being freely sold at 1s. 8d. a pound, and for the milk which produces it the farmer is getting about 8d. If these facts were fully understood it is inconceivable that the authorities would not think it worth their while to encourage the growth of co-operative agencies which can and do eliminate profiteering and wastage, and to insist that the machinery of organisation which exists in Ireland should be used to the fullest extent in this direction. So far, however, there is no indication of anything of the kind being done; the provisioning of the army with fat cattle, the storage of the surplus grain crop, the handling of the wool clip—all these matters, as well as the distribution of agricultural machinery, are entrusted to committees of middlemen, usually described as “existing agencies,” who are frankly hostile to the farmer and indifferent to the consumer. That the Department of Agriculture tolerates and encourages such a procedure is well known; that it is hopelessly out of touch with the views of Irish farmers has been known for years; it has been discredited times without number. But the Government continues to uphold and even to glorify it.

So long as this state of things continues the Irish farmer will be dissatisfied, and the more he is abused by the rest of the public the more resentful he will become. Unless steps are taken now at the eleventh hour to improve the position of affairs, by issuing and giving wide publicity to reasonable and definite orders which he is able to understand and which give him some hope for the future, the triumph of this year's increased tillage will never be repeated, however desperate the country's war needs may be and

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even though compulsion be made more widespread than before. Furthermore, the farmer will not content himself with passive resistance; he will become politically malign. Sinn Fein in its extreme form would never have attracted Irish farmers had it not been for their economic grievances. The Nationalist party began to decay after the passage of the Land Acts because at that point the farmers' interest in politics declined. That interest is now being rudely reawakened, and the Sinn Fein party appears as the champion. What the results of such an alliance may be has been amply demonstrated in the East Clare election, which would have been an impossibility a few years ago. It is a combination to which the Government should pay the most careful attention, the more so as to purely sentimental nationalism there is here added what would be a genuine grievance in any country—the burden of economic oppression by vested interests.

Dublin. August, 1917.

## CANADA

### CONSCRIPTION AND COALITION.

THE decision of the Government to establish conscription in Canada has produced a difficult and disturbing political situation. It was foreseen that any attempt at compulsion would be a hazardous political experiment. As THE ROUND TABLE has often reminded its readers, this is not wholly an English-speaking country. Out of 7,500,000 or 8,000,000 people we have at least 3,000,000 who do not habitually speak the English language. We have between 500,000 and 600,000 Germans and Austrians and over 2,000,000 French people. It is true that a very high percentage of all these have a fair knowledge of English but ordinarily they use the tongue of the nationality to which they belong. Few Germans or Austrians are represented in the Canadian Expeditionary Army. Those who enlisted in the first Canadian regiments were regarded with suspicion when they reached England. Probably few crossed to France or Flanders. In the older German settlements of Canada, however, there has been generous giving to patriotic objects and no open manifestations of sympathy with Germany. One of the most impressive speeches in favour of conscription in the debate in the Commons was delivered by Mr. W. C. Weichel, a German Canadian and member for a German constituency. We may feel, perhaps, when we think of the revelations of German character elsewhere, that Canada has been fortunate in the attitude and action of this element of the population.

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It is far more difficult to interpret the French people of Quebec. The official figures of enlistment are depressing. They fall below all calculations and estimates. There are 1,600,000 French people in Quebec ; from among these 6,979 recruits have been obtained. There are fewer than 400,000 English-speaking people in the Province, but these have furnished 22,000 recruits to the Canadian army. Probably no other element of the population in any Province has responded so freely to the call of country and Empire. Five-sixths of the French people of the Dominion live in Quebec, but the one-sixth scattered throughout the English-speaking Provinces has provided 5,904 soldiers, or only 1,000 fewer than were secured in the French Province. There were only 1,217 French-Canadians in the first contingent. The accuracy of the official figures is disputed, but there is no reason to think that there has been deliberate miscalculation or misrepresentation. It would indeed be a crime against Canada to underestimate the French contribution to the army. Many of those who are severe in criticism of Quebec would rejoice if a more satisfactory statement could be furnished ; they would rather praise than blame. No doubt there have been unwise and mischievous utterances by English writers and speakers. There have been deliberate appeals to racial feeling and to deep-seated antipathies and prejudices, the old unhappy spirit of "Orangeism" has been stimulated, and the failure of Quebec has been exploited for political objects. But the masses of the Canadian people are essentially liberal and tolerant. They have been schooled in the wisdom of generous dealing with racial and religious minorities. In the main the extremists speak to "empty benches" and exercise no considerable political authority. There is, therefore, profound distress throughout the country that the war which brought France and Britain together in the great struggle for free institutions should have produced a quarrel between French and English

## Conscription and Coalition

in Canada more bitter and ominous than any dispute which has divided the country since Confederation.

When Sir Robert Borden returned from the War Conference he found that the demand for the draft in the English Provinces had become very general and formidable. This demand was not rooted in hostility to Quebec but in recognition of the imperative need for reinforcements for the Canadian divisions in France. The attempt to raise a force of 50,000 for home defence by the voluntary system had failed, or at least had produced no considerable results. In Quebec, where it was said there would be ready enlistment for home defence, Major-General Lessard and Lieut.-Colonel Blondin, who resigned a seat in the Cabinet in order to raise a French regiment, secured only 100 recruits. In the English Provinces it was apparent that the possibilities of the voluntary system were practically exhausted. Such representative organs of Liberal opinion as *The Toronto Globe* and *The Toronto Daily Star* urged the Government to apply the Militia Act, which, as amended by the Laurier Government, made every citizen available for military service outside Canada as well as for defence against invasion. Mr. N. W. Rowell, K.C., leader of the Liberal Opposition in the Legislature of Ontario, also demanded compulsory measures and the organisation of a National Government. Save Sir Wilfrid Laurier he speaks with more authority than any other Liberal in public life. He has the full confidence of the Liberals of Ontario and is highly regarded by Liberals in Western Canada. Many newspapers in general sympathy with the Government admitted that conscription was inevitable, while commercial bodies, municipal councils and patriotic organizations united in a vigorous and often vehement demand for compulsion. The temper of military officers merged on belligerency. For many months they had employed every legitimate device to excite opinion in favour of the Militia Act or a selective draft. They emphasised and exaggerated the failure of voluntary

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recruiting: they declared that a force for home defence could not be secured by the voluntary method. Possibly they were not too eager to support the recruiting agents. Certainly they could not be persuaded to believe that conscription was surrounded by political difficulties and dangers. It was a favourite theory of Conscriptionists in the English Provinces that the French of Quebec were a docile people who perhaps could not understand an appeal to enlist, but would promptly respond to a command. In any event the Prime Minister on his return from London discovered that a formidable feeling for conscription had been developed in the English communities, that the voluntary system had become infertile, and that the public temper was sharpened by the long roll of casualties at Vimy Ridge and Arras.

Aside from these considerations, the Prime Minister himself was convinced that sterner measures to secure reinforcements for the Canadian divisions in France must be taken. He came home with knowledge of conditions at the front and with a deep consciousness of the strain on Britain and the agony of Europe. Before he went away unfriendly critics would have said that he was "safe" but not bold. They would have said that he suffered fools too gladly and would not drive if he could not persuade: that he was embarrassed in the conduct of the war by the exigencies of party leadership: that he hesitated to establish compulsory national service for fear of alienating political support in Quebec. In all such criticism of Sir Robert Borden there would have been misunderstanding and injustice. There has always been wisdom in his patience and strength in his restraint. He knew that with or without conscription he would receive no considerable political support in Quebec. Probably he doubted if a Government that would include Sir Wilfrid Laurier could prosecute the war with greater vigour or agree to any measure of compulsion. It is no secret that for many months the Prime Minister saw that conscription probably would become

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inevitable and that only a Coalition or National Government could make the draft system effective. His own view was that coalition until it became inevitable was impracticable. He knew that devotion to party was almost a religion with multitudes of the Canadian people. He saw clearly that Quebec would be slow to submit to compulsion and he believed that national unity was the supreme consideration unless prosecution of the war under the voluntary system became impossible. When he got back from London he knew that the hour for decision had come. Probably he had resolved to announce conscription and to attempt the organisation of a union Government before he left England or was brought into contact with the new temper of Canada. This decision was not the result of any Imperial suggestion or pressure. He had learned the desperate need for reinforcements for the Canadian army. He resolved that, if he had power to direct the action of Canada, the call from the trenches should not go unanswered. Hence a few days after he reached Ottawa he induced the Cabinet to agree upon a measure of compulsion, and in a comprehensive and luminous statement of the deliberations and recommendations of the War Conference and conditions at the front he announced the momentous decision.

Throughout the English-speaking Provinces there was instant relief and rejoicing. It was not so in Quebec. In the French Province there was angry protest from the extreme Nationalists. There was strong feeling among French Conservatives. There was open revolt among French Liberals. Great public meetings at Quebec and Montreal applauded violent speeches and adopted condemnatory resolutions. Windows were broken in newspaper offices. There was incipient rioting and rough encounters between soldiers and civilians. But the rioting was not serious ; there was no loss of life, nor much damage to property. Mr. Bourassa, the Nationalist leader, from the platform and in *Le Devoir*, deprecated disturbance and intemperate utterances, but urged active and thorough



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organisation against conscription. Colonel Armand Lavergne was more extreme than his leader. Less responsible agitators and certain weekly French publications talked wildly of civil war, disruption of Confederation, and a French Republic on the St. Lawrence.

A group of Labour leaders met at Ottawa and declared against conscription. It is not clear that they had authority to speak for the masses of organised Labour. The more powerful Unions of Canada are affiliated with international organisations which in the United States are favourable to National Service. It is doubtful if they can have one policy for Canada and another for the neighbouring country. It is even more doubtful if the Canadian Unions, by no means generally subject to Socialistic control, will resist conscription. There has been no reluctance to enlist among Canadian workmen; and Labour will not deny reinforcements to their brothers in the trenches. But all these manifestations revealed more clearly the deep differences of opinion among the people and the urgent necessity for co-operation among the political leaders if conscription was to be enforced and the Canadian divisions strengthened.

It is said that Sir Robert Borden should have consulted the Liberal leader before he announced that a Bill to authorise the draft would be submitted to Parliament. It was by deliberate design, not through careless neglect, that the Prime Minister did otherwise. He reasoned that, if he took the responsibility upon his own shoulders, he could appeal with better prospect of success to Sir Wilfrid Laurier. At most Sir Wilfrid would have to support a declared policy, unpalatable to Quebec, for which he had no original responsibility. Assuming joint responsibility, he would be more open to suspicion among his own people and more directly exposed to the misrepresentation and denunciation of the Nationalists. It must be remembered that the Liberal leader had steadily and continuously opposed conscription. The Prime Minister, however, had refused to give definite pledges, and it was well understood

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that he would not hesitate at compulsion if the voluntary system failed to give adequate results. But whether or not there should have been consultation with Sir Wilfrid before the draft was announced, at least there was no thought of personal or party advantage in the course which the Prime Minister pursued. Moreover, if it be admitted that the draft was a measure which should have been proclaimed, failure to secure Sir Wilfrid's concurrence in the Government's decision would have prejudiced the whole position.

There is no disagreement between the leaders as to the details of the negotiations for a coalition. There was nothing evasive or equivocal in the Prime Minister's proposals. There was no trading or bargaining. Sir Wilfrid was invited to nominate half the ministers, exercise equal authority in council, and assume equal responsibility for the measures of the Administration. It was not stipulated, as has been whispered, that certain Conservative ministers should be retained. Sir Wilfrid was granted absolute freedom of action in choosing his colleagues. The only condition was that the union Government should adopt and enforce conscription. And that condition the Liberal leader would not accept. The negotiations were prolonged. There was a cry of anger from the English Provinces when they proved to be fruitless. In Toronto a great mass meeting of Liberals, at which Mr. Rowell and Dr. Michael Clark, M.P. for Red Deer, were the chief speakers, adopted resolutions in favour of the draft and against a referendum which it was understood Sir Wilfrid Laurier would suggest. Many Liberal newspapers censured Sir Wilfrid in language of stern if affectionate severity. They adhered to the demand for conscription and coalition, and they urged that despite the action of the official leader of the party the negotiations for coalition should not be abandoned. Chief among these newspapers was *The Winnipeg Free Press*, under the vigorous and resolute editorship of Mr. J. W. Daffoe, which exercises a remarkable authority in

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Western Canada. It is not suggested that these newspapers expressed any special confidence in the Government beyond admitting the sincerity of the Prime Minister in the movement for coalition. At best, aside from two or three brilliant ministers, the Cabinet has been commonplace. Under the strain of war it shows the marks of age and weariness. If the negotiations for a union Government fail finally, there must be a radical reorganisation with the best material the Conservative party can provide. But Sir Robert Borden has shown almost invincible persistence in the determination to effect a Coalition. Failing with Sir Wilfrid Laurier, he made advances to Mr. Fred Pardee, chief Whip of the Opposition. To Mr. Pardee just such proposals as Sir Wilfrid rejected were submitted. A conscriptionist himself and possessing the full confidence of his political associates, Mr. Pardee was urged to consult with Liberals favourable to conscription, inside or outside Parliament, who might be available for seats in the Cabinet, or who might constitute a committee to advise in the selection of Liberal ministers. As with Sir Wilfrid, the Prime Minister held that half the seats in the Cabinet should go to conscriptionist Liberals, since any lesser representation would assure Conservative predominance, and probably fail to command the approval of Liberals in the constituencies. During the long debate on the National Service Bill these negotiations were pursued. It is believed that Mr. Rowell, Mr. Pardee, Dr. Michael Clark of Alberta, Mr. F. B. Carvell of New Brunswick, and Hon. A. K. Maclean of Halifax were active in the movement among Liberals for conscription and coalition. Sir Wilfrid Laurier, however, exerted all his powers of persuasion against it: and greater persuasiveness, greater power to command personal allegiance, no man has had in the public life of Canada.

In moving an amendment to the Military Service Bill in favour of a referendum Sir Wilfrid made his position clear to Parliament and the country. He pointed out that

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the country had had repeated and continuous assurances from the Government that there never would be resort to conscription. He recalled the statement of Sir Robert Borden when enlistment of a Canadian army of 500,000 was authorised: "I have already stated that the Government has no intention of introducing conscription and I now repeat that statement with emphasis." Sir Wilfrid argued that, if there had been any suspicion that compulsion was contemplated, the life of Parliament would not have been extended. He insisted that "a rump Parliament" had no moral authority to pass a Bill so fundamental in principle and so utterly in conflict with Canadian tradition and sentiment.

I ask my right honourable friend if he is doing fairly by the people of Canada, if he is doing fairly by everybody in this country, when he asks this moribund Parliament to enact such a law as this? Yes, it is not only a moribund Parliament, it is a rump—it is nothing but a rump at the present time. There are twenty seats vacant of the members elected in 1911. There are twenty more seats to be filled, which must be filled by the new Provinces of the West, whose population justifies this additional number being added to their representation. So that you have vacancies of forty-eight members out of a little over two hundred and thirty members, almost twenty-five per cent. of the whole membership of this House, and yet you are asking that this Parliament should take on itself to pass such a law as this. For my part I say, and I place myself in the judgment of the country, and of this Parliament also, that when this Government asks this moribund Parliament to pass such a law as this it is an abuse of the authority which has been placed in its hands by the people of Canada.

The leader of the Opposition admitted that the life of the British Parliament had been extended, and that, although living by its own decision, it had enforced conscription. But in Britain compulsion was applied after long preparation. Moreover, all vacancies occurring during the war had been filled and Parliament was complete. Thus the House of Commons was kept in touch with the people. But for two years in Canada there had been no

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bye-elections save when Ministers of the Crown were compelled to consult their constituencies. It was true that the United States had established conscription, but the American Constitution was drastic and rigid, while that of Canada was elastic, and the whole theory and practice was that revolutionary proposals should be submitted to the people. In any event, he could not agree to conscription, nor could he enter a Coalition Government. He insisted that if his co-operation was desired he should have been consulted before conscription was announced.

I stated to the Prime Minister that I could not agree to go into a conscription Government. And I stated that I could not agree to go into the Coalition Government. I suggested to him that if my humble advice in regard to this law would be useful, I should have been brought in sooner, so as to discuss the principle itself. It seemed to me, according to the fitness of things, that that would have been the proper course in the interest of the country, that the services of the Opposition, such as they may be, should have been called in for the purpose of initiating a new policy, and the first thing to be done was to consult the Opposition in regard to that policy. I was called upon to be an adjunct, an appendix, to endorse a law which had been already framed, and to go into a Government one-half of which would have had to go out if I had come in.

Sir Wilfrid contended that there was a deep cleavage in the country over conscription, not only between Provinces but among classes of the same origin and language. Labour was restless and hostile. The position of workmen was that, if they must give their blood, the wealthy classes must give their money. They asked to have the people consulted, and "in the name of union and good will I personally present their plea at the Bar of the House." Better consultation with consequent union and universal satisfaction than compulsion with irritation and bitterness and a sense of intolerance and injustice. He declared that the fact that French-Canadians had not enlisted in larger numbers was not evidence that they had degenerated. He doubted if the official figures were correct. He thought, upon what information he could obtain, that the total

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should be 20,000 instead of 14,000. "Even at 20,000," he said, "the figure is very small compared with that which represents the enlistment of English-speaking Canadians." He continued :

If the enlistment of French-Canadians does not compare favourably with the enlistment of their compatriots speaking the English language, it is to be noted that the disparity between the enlistment of men who are Canadian-born and men who are British-born is also somewhat marked. What can be the cause of this disparity ? The English-born are at the top of the list, the Canadian-born speaking the English language come next, and the Canadian-born of French origin are at the bottom of the list. It is suggested that enlistment has proceeded negatively in proportion to the length of time that the men have been in the country. The French-Canadians have been longer in the country than any other class of the community ; they contributed fewer men than the other classes. Those who were British-born, and have not been in the country as long as the other classes, contributed the largest number of men to the Expeditionary Force. At all events, the French-Canadians have had no relations with France since 1760. I am sure that not one man in the Province of Quebec has any relatives in France, unless as a result of recent marriage. I think it may be truthfully said also that there is not an English-speaking family in Canada which cannot claim relatives in Great Britain. Immigration has been constant, and the connection between the British settler and his motherland has been maintained. This is not the case as between the French-Canadian and old France.

The Liberal leader recalled the unfair and violent attacks of Quebec Nationalists, under Mr. Bourassa's direction, upon the proposal of his Government to organise a Canadian navy. The first article of the Nationalist platform was "no participation by Canada in Imperial wars outside her territory." As a result of those attacks twelve seats were lost by Liberal candidates in the last general election, and the Conservative or Nationalist representation in the Commons from Quebec was increased from 15 to 27. "And every one of those twenty-seven was elected on the platform and the promise that Canada should never participate in the wars of Great Britain. The polling figures are still more significant. The Liberal vote

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polled in that election was 164,281, and the Conservative 159,299, and so the people were divided pretty equally." Thus, when the Government desired the people of Quebec to enlist, it could appeal to only one half of the Province and not to the other. He argued also that the Government had been unwise in its methods of appeal to Quebec. It was unhappy in its selection of recruiting agents. "If the Prime Minister had put at the head of recruiting in Quebec a man of French-Canadian flesh and blood the results would have been different." He deplored the differences in the country, but under British institutions there was only one way of meeting differences. That way was to appeal to the country, and to appeal to the whole country, not to one section, but to all sections. In closing he said :

What I propose is that we should have a referendum and a consultation of the people upon this question. I have taken the referendum, not that I have been very favourable towards it, but I find that the idea of the referendum has made enormous progress in Canada, and that it has been adopted by the political associations in the Western Provinces as a method of political action. If we are to have peace, if there is to be unity, we must meet the wishes of the labouring classes who have asked for this privilege. When the consultation has been made, when the verdict has been pronounced, I pledge my word, my reputation, that to the verdict, such as it is, every man will have to submit, and I claim to speak with knowledge at least so far as the Province from which I come is concerned. Is that an unfair appeal? Can anybody say that it is not in accordance with true democratic principles? In presenting this motion I do not intend—and I beg to make myself perfectly clear upon that—to speak for those who stand behind and around me, and with whom I share the honour of representing Liberalism in this House. If there is ever to be a time, of all times, this is the time when every man should think for himself, decide for himself, and act for himself. This moment is too solemn, the issue is too great, the questions involved in the measure are of too far-reaching importance, to have them decided by any other voice than the voice of each man's individual conscience. I am very firm in the belief—I am unshaken in it—that when the voice of every man has spoken, the aggregate will be the right voice and the right solution. At all events, it will have this effect: that it will be the final arbiter, and it



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will put an end to the agitation which is now going on : it will bring about harmony, now much shaken, and it will be a vindication of that spirit of democracy which we hope and believe must be the future social inspiration of the world.

There was much depression among English-speaking Liberals over the action of Sir Wilfrid Laurier in rejecting conscription and coalition. There was indignation as well as depression among thousands of those who have followed his standard with pride, affection, and enthusiasm for half a generation. Many of them believed that he could have reconciled Quebec to conscription and have effected that happy union of creeds, races, and Provinces essential to prosecution of the war with full energy and complete absorption. One doubts, however, if even the Liberal leader could have imposed compulsion upon Quebec. He could have moderated passions and prejudices within Quebec and checked the rising feeling in the English communities against the French Province. He could have reared a statue of himself in the hearts and minds of English-speaking people which could never be defaced or discrowned. A French subject of the British Crown, a Roman Catholic in religion, he would have commanded the reverence of those of other faiths and tongues through the centuries. And by his sacrifice and courage he would have become the fortress of the rights and privileges of his compatriots. But whether at the moment he could have withstood the assault of Mr. Bourassa in Quebec is far less certain. The French have been educated to suspect "Imperialism." They have been taught to regard the quarrels of Europe as no concern of Canada and particularly no concern of Quebec. Every Government, whether Conservative or Liberal, has been denounced as the agent of "Downing Street" by Oppositionists seeking deliberately to create suspicion and excite feeling in the French constituencies. We remember that so sound a British patriot as Sir Charles Tupper told

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Quebec that "Laurier was too British for him"; and that Sir Wilfrid himself repeatedly declaimed against "the vortex of European militarism." Does the Nationalist attack upon the "Laurier Navy" differ so much from the Laurier attack upon the proposal of Sir Robert Borden to build three battleships for the Imperial Navy? Where so much wind has been sown it is easy to produce the whirlwind. The whirlwind Sir Wilfrid Laurier foresaw, and he sought shelter in the referendum.

He knew that Mr. Bourassa was eager to dominate Quebec and was animated by peculiar and relentless hostility to himself. Why this is so no one fully understands. When Mr. Bourassa entered Parliament in 1896, in the contest which brought Sir Wilfrid into office, the Nationalist leader was ranked as the most brilliant of the younger Liberal members from Quebec. He was honoured by the personal favour of the Liberal leader. It was not doubted that he would secure early admission to the Cabinet. Sir Wilfrid himself believed that Bourassa would succeed to the leadership of the federal Liberal Party. There was no more brilliant speaker in Parliament alike in French and English. He was clean-handed and he has remained so. He gave an early impression of breadth and strength. But war came in South Africa; he opposed the organisation and despatch of Canadian contingents; and failing to persuade Sir Wilfrid Laurier against intervention, he resigned his seat in the Commons in protest against the action of the Liberal Administration. Ever since he has shown peculiar hostility to Sir Wilfrid and has struggled to destroy his ascendancy in Quebec. An extreme Ultramontane, he has been the faithful mouthpiece of the Hierarchy. A tribune of his countrymen, he has had the virtue of integrity. An orator of power and eloquence, he has been able to play with effect upon the traditions and sentiments of the French people.

Bourassa demands a General Election, opposes a National Government, and insists that any Coalition designed to

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enforce conscription would be "a formal and definite invitation to insurrection." He predicts national bankruptcy from the sacrifices of Canada in the war. He denies that Great Britain is ever disinterested. He contends that Canadian soldiers should be employed only in defence of the Dominion against invasion. It would be folly to doubt that these arguments are influential in Quebec. It is significant that only five French members of Parliament will vote for conscription. Two of these have seats in the Cabinet; two represent constituencies in the English Provinces. It may be that if Sir Wilfrid Laurier had joined forces with Sir Robert Borden a greater measure of French support for compulsion could have been obtained. But one doubts if even he could have prevailed against Bourassa and the general hostility of the curés to enlistment. Moreover, Sir Wilfrid cherishes the affection and confidence of his own people beyond all other political considerations. Long estranged from the Church, he has returned to its bosom not with servility but with independence and dignity. A cautious, even a doubtful Imperialist, his attitude towards the Empire is affected by that of French Canada and by a jealous concern for national autonomy. No one doubts his complete sympathy with Britain and France and Belgium and his ardent desire for victory over German autocracy. But he is an intellectual continentalist, inured to the tradition of Pacifism, detached in relation and outlook, and not fully responsive to the stern resolve of the combatant.

What will be the effect of his action in Parliament may not be predicted with confidence. He may persuade conscriptionist Liberals not to enter a Coalition or National Government. But it is impossible to believe that he can again command the undivided allegiance of Liberals in the English constituencies. They are as absorbed in the war as are the masses of the Conservative Party. They are as eager for conscription. There is evidence that the West is in revolt against Laurier's leadership and unimpressed by

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the Government. The *Winnipeg Free Press* declares that the West recognises no leader at Ottawa. There is at the moment hopeless confusion and division among Liberals in Ontario. A majority of the Liberal members from the Atlantic Provinces, where party bonds are stronger, perhaps, than in any other portion of Canada, may vote with Sir Wilfrid even against conscription. But he will hold few of his Parliamentary supporters from Ontario and the Western Provinces. Much depends upon the character of the reorganised Cabinet. Much upon the Prime Minister. Since his return from London Sir Robert Borden has impressed the country as he never did before, and upon the wisdom of his counsel and the vigour of his action in the crisis through which we are passing hang great consequences. Whatever reorganisation of the Cabinet may be effected, a General Election seems to be inevitable. There are now 22 vacant seats in the Commons. The West is greatly under-represented. Parliament is fretful, ineffective, unequal to its responsibilities, unresponsive to the new temper of the country. Unfortunately, there is grave fear that the contest would degenerate into a quarrel between Quebec and the English Provinces. There is always danger in issues which affect race and religion. Though leaders may be sober and reticent, writers and speakers of lesser responsibility sow the seeds of unhappy harvests. We cannot deny to Quebec a proportionate authority in the councils of the nation. Conciliation rather than coercion is the essential principle of government in a federal Commonwealth. But, undoubtedly, the attitude of Quebec is resented in the English Provinces, and we are probably at the threshold of a long period of domestic discord and unsettled government.

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The second reading of the Compulsory Service Bill was carried in the House of Commons by 118 to 55. Sir Wilfrid Laurier's motion in favour of a referendum was

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lost by 111 to 62. The majorities for the Government on both divisions were even greater than was expected. Twenty-five English-speaking Liberals and one French Liberal supported conscription and twelve French Conservatives opposed. In all but twelve English-speaking Liberals voted with Sir Wilfrid Laurier and only three of these represented constituencies in Ontario and the West. During the discussion on the second reading and in Committee there were few deliberate appeals to prejudice and passion. If the debates did nothing to produce a better feeling between Quebec and the English-speaking Provinces, it is just as true that Parliament was not discredited nor the public temper aggravated and excited.

Canada. July, 1917.

## AUSTRALIA

### I. POLITICS IN AUSTRALIA

THE Federal Elections on May 5 were the last act in a period of agitation and dissension, which began when the Referendum on conscription was proposed in the Commonwealth Parliament. Of the intervening eight months there has not been one during which the policy of the country could be regarded as settled. Since the defeat of conscription there have been two changes of Ministry, each under the premiership of Mr. Hughes, and two rearrangements of Parties. The first was forced on the Prime Minister by the secession of the majority of his followers, the second was brought about after tedious and protracted negotiations in order that Parliament might be prolonged and Australia represented by Ministers at the War Conference. The Commonwealth Parliament was dissolved in March and the month of April was devoted to an election campaign of unusual energy and personal bitterness. The Parliament of New South Wales was dissolved at the end of February and that State spent the whole of March and part of April in a General Election. There is no need to enlarge on the damage which was caused to the ordinary business of the country or to the special business of recruiting by so much turmoil. The consequences of lack of supervision and of delay in securing the attention of Ministers have been revealed in numberless instances. The whole of the energy of the Prime Minister

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has been absorbed in platform campaign and in Party negotiations. Other Commonwealth Ministers have scarcely had time to become acquainted with their departments before being asked to resign to facilitate a Coalition or being sent to the constituencies to defend the Coalition when formed. The States have suffered through the intervention of their Ministers in Federal contests and in the case of New South Wales through the State Election. But the most lamentable result of the political struggle has been the accentuation of class and Party divisions. The responsibility must be shared by both Parties, although there have been notable examples of fairness among the leaders, especially in New South Wales. But the Prime Minister by virtue of his position must bear the greater part of the blame. It was part of his electioneering tactics to brand the whole of the Opposition as disloyal. The charge in its indiscriminate form may have been provoked by the universal hostility shown to Mr. Hughes by his former colleagues. But it was ludicrously untrue, as could be demonstrated by the recruiting figures. The next three years will show whether the outcome of so much turmoil will prove an adequate compensation for departmental neglect and national disunion. The main purpose of the Coalition has failed since Australia was not represented at the War Conference. But the Elections in the Commonwealth and in New South Wales have given the Coalition or Nationalist Parties majorities which should keep them in power for the lives of their respective Parliaments. There will be compromise both in legislation and administration, but in each case the compromise will represent the decision of the Government and not its concessions to a third Party, and there should be no sanctioning of waste or idleness to satisfy the orders of a Party organisation outside Parliament.

The State Elections for New South Wales must be treated in an article on Federal Politics because they were subject to many of the same influences and because the



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Nationalist victory in the State disheartened the Labour organisations in the Commonwealth and revealed many of their weaknesses. The three years' term of the State Parliament came to an end in November and but for the Conscription Referendum and a split in the Labour Party there would have been a General Election immediately. The split in the Labour Party had the same effect in the State as it ultimately had in the Commonwealth. Mr. Holman, without attempting to carry on with the residue of his followers, coalesced with the Opposition, then under the leadership of Mr. Wade. Before doing so he had brought in a Bill to prolong the life of Parliament for a year and carried it by substantial majorities. Such a use of a newly formed majority provoked vigorous protests from some of the Government supporters as well as from the Opposition, and induced the State Governor to call upon the Premier to resign on the ground that although his Bill was supported by a majority in Parliament he himself was the leader of a minority only, a summons which was withdrawn the day after its issue on the joint representations of Mr. Holman and Mr. Wade. The reason given by Mr. Holman for the extension was not that a General Election should never be held in war time, but that, if it were held on its due date, it would be decided by considerations irrelevant to State politics. The electors were still under the impression of the conscription campaign. State Members as well as Federal had spoken on the Referendum and had become identified with one side or another. Since the State Parliament has no jurisdiction over defence it was necessary to allow an interval to elapse during which the electors could turn their minds to State issues. The answer of the State Opposition was that no majority could be justified in using its power to prevent the electors exercising their judgment at the time appointed by the Constitution Act, that the precedent created by Mr. Holman might be cited afterwards for any object, however corrupt, and that Mr.

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Holman would not have cared whether the issues were irrelevant or relevant if New South Wales had not voted strongly against conscription and if he had not anticipated defeat. The force of these objections was undeniable, but the question was decided not on principle but by the special circumstances of the day. It was known that New South Wales had to look forward to bad times. The State had grown accustomed to spending eight millions a year of loan money and had scarcely reduced its expenditure during the first two years of war. Since the London market was practically closed and the Federal Government required all the money that could be raised locally, it was certain that great numbers of workmen would be dismissed and every unprofitable undertaking discontinued. The responsibility for raising money fell entirely on the State Ministers, for Mr. Holman had refused to be a party to the agreement by which the other States had arranged with the Commonwealth to do their borrowing for them. Under these conditions it was thought that any expedient was justified which would prevent the electors—then under the illusion that they were still opposing conscription—from handing over the government to men of no experience, some of whom had thought wildly of the confiscation of wealth and the restriction of incomes and whose actions were controlled by a body of extremists outside Parliament. It is no doubt open to question whether Mr. Holman had not undervalued the intelligence of the electors or overestimated their resentment. During the brief campaign in March the Opposition did their utmost to persuade them that conscription was the real issue, suggesting that though it could not be enforced by the New South Wales Parliament, yet a vote for the Nationalists would be taken by the Federal Ministry to signify a change of heart. This argument was met by a pledge signed by Ministers and a majority of their candidates declaring that, if a Referendum were again introduced, they would not support conscription, and by a statement from Mr. Holman that,

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if conscription were promised by Mr. Hughes in London, he would oppose it. The pledge was a humiliating document, for its signatories a few months before had made the support of conscription a test of loyalty. It was intended to conciliate the farmers, among whom the opposition had been strongest and whose support was essential to a Nationalist victory. But the unattached electors would not vote for the leaders of the official Labour Party because their careers had given no ground for confidence and because some of them were suspected of sympathy with the doctrines of the Industrial Workers of the World. In the industrial suburbs of Sydney and in mining towns the official Labour Party retained its former majority. In the country, however, it was evident that the split had been followed by a considerable transference of votes and that the Liberal electors who had voted against conscription were now supporters of the Coalition. Some of the Labour supporters of Mr. Holman lost their seats, but the Government was returned by a very substantial majority, and shortly before the meeting of Parliament the Premier, whose electioneering skill had largely contributed to the victory, left for England in order to add his persuasiveness to the authority of Mr. Wade in obtaining money for the State.

Very many features of the New South Wales election were reproduced in the Federal election which followed it. The result was decided by the contrast between the opposing leaders. The Labour Party was said to have blown out its brains when it expelled Mr. Hughes and his followers. It had at least dethroned the ablest politician in Australia and a master of electioneering in order to make way for a careful and honest administrator of little personal force. Mr. Tudor's assistants did not supply the qualities which he lacked. With few exceptions they were men of no eminence in the Party; many of them owed any reputation they possessed outside their own constituencies to their failure to admit the need of any

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real national sacrifice in war time. In the Senate, where they were strong enough to defeat the Government, their personal weakness had been most conspicuous, and their subservience to the Party machine most apparent. Naturally the needs of the war were much more prominent in the Commonwealth than in the State, but again the personal test was decisive. The electors might justly have resented the charge of disloyalty directed against Mr. Tudor, knowing that he and some of his supporters had made the truest sacrifice on the altar of patriotism. But they could not suppose that he would prove strong enough in an emergency to shake off the influence of indifference or of disloyalty, in the caucus with whom the claims of class or Party always came before those of the country, or in the section of Irishmen who, in Australia as in other parts of the Empire, were ready to oppose every effort to send help to the Allies. It cannot be said that the majority for the Government showed that the country had repented of its vote for conscription, but it did show that the country was against the forces which claimed to have brought the conscription vote about. The majority voted for the Nationalist Party because, without clearly defining the means, they believed that it was far more capable of expressing the genuine loyalty of Australia than Mr. Tudor and his friends. An attempt to dissuade Labour voters from supporting the Coalition on the ground that it would practise economy by cutting down Old Age Pensions and reducing wages did more harm than good to its authors. The figures show that in Victoria especially a great number of electors who had formerly voted Labour had followed Mr. Hughes into the Coalition. What was more important, the Government was believed capable of carrying out the work of repatriation, and to be sincere in its promise to do so on a generous scale.

In announcing the policy of the Coalition in Parliament Mr. Hughes had declared that it would respect the verdict of the people on conscription, that it would practise

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economy, but without reducing wages, and that it would provide for the representation of Australia at the War Conference. In his opening speech delivered at Bendigo he said nothing about public as distinct from individual economy, and defined his attitude on conscription by undertaking not to impose it through his Parliamentary majority, and not to propose another Referendum unless some disaster to the Allies made the demand for men imperative. The War Conference at that date had begun its sittings, and it was impossible to say whether an Australian delegation which started after the Election would be in time to take part in it. But the refusal of the Labour Party through their representatives in the Senate to consent to Parliament being prolonged by an Imperial Act in order that Mr. Hughes might have left Australia furnished one of the main grounds of the appeal. Mr. Hughes warned his supporters that it would not be enough for him to maintain his majority in the House of Representatives or even to increase it. He directed their special attention to the Senate Elections, in which, although the franchise is the same, different results are often produced through the States voting as a whole and not through separate constituencies. Since only half of the Senate were to go before the electors, and since of the eighteen who remain eleven were his confirmed opponents, it would be necessary for the Government to gain a majority of the aggregate vote in all but one of the States if they would have a working majority in the next Parliament. The speech included a defence of the Government's conduct of the wheat pool which had been criticised by representatives of the farmers. But all its items were subordinate to an appeal that Australia should be enabled to place all her resources in men and money at the disposal of the Allies, and for this purpose to return a Government which appreciated the magnitude of the dangers still existing, and was not handicapped by any association with disloyalty.

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In the election campaign the Government received a general support from almost all the leading newspapers in the Commonwealth. Its chief opponents in the Press were the *Bulletin* and the *Worker*, of which the former had given a warm support to conscription, and the latter, the organ of the Australian Workers' Union, had greatly increased its influence by the vigour and ability as well as by the unscrupulousness of its opposition. With some of the grounds of the *Bulletin* criticism there was a good deal of sympathy, even among supporters of the Government. The use of the censorship to prevent criticism of policy or of administrative acts, the arbitrary application of the powers conferred by the War Precautions Act for purely domestic purposes had provoked very general resentment. The refusal of the Government to hold another referendum on conscription simultaneously with the General Election and its undertaking not to introduce a Bill into Parliament had aroused many protests, including one from Sir William Irvine, who was to have been a delegate to the War Conference.\*

Disappointment had not been reduced by the Prime Minister's explanation. He defended his compromise on the ground that, if the prospects of the Allies were realised the reinforcements to be obtained under the voluntary system would be sufficient. His policy speech had been dominated by the idea that the cause of the Allies was still in the gravest peril. He laid himself open to the charge that the Nationalists were willing to compromise their aim of winning the war for the sake of winning votes, and did not overcome the instinctive dislike of the bulk of his fellow-countrymen to the exploitation of the heroism and the suffering of the Australian soldiers on Party platforms.

The ground on which the *Bulletin* and the *Worker* agreed was in warning the electors against allowing Mr. Hughes

\* Sir William Irvine so far dissociated himself from the declaration of the Government that he expressed the hope that no one would vote for him who was not in favour of conscription.

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to represent them at an Imperial Conference. They appealed against him to the fear that Australia would be deprived of some of her powers of self-government, and the ideal of a White Australia would be endangered. The retort that Australia could not defend herself alone was obvious and was effective. But this ground of opposition was strongly pressed, and was pointed by reference to speeches by Mr. Lloyd George and to a supposed sympathy between him and Mr. Hughes.

These objections may have diminished the enthusiasm of supporters of the Government. In view of the success of the result it is impossible to believe that they turned any votes. The result was a triumph beyond anything that Mr. Hughes had predicted. The Government candidates for the Senate were returned in all the States, including Queensland, which had been regarded as beyond hope.\* In the House of Representatives the Government majority was increased. Several constituencies which had formerly returned Labour candidates supported the Coalition, only two of the members who had left the Labour Party with Mr. Hughes were defeated, and in the greater number of the Victorian industrial electorates Labour

### \* VOTING FOR THE SENATE.

*Votes counted up to 12th May, 1917.*

State.	Nationalists.	Labour.	Nationalist Majority.
Victoria ... ..	987,482	828,580	158,902
New South Wales ... ..	1,101,744	918,472	183,272
Queensland ... ..	409,389	393,076	16,313
South Australia ... ..	282,575	225,208	57,367
Western Australia ... ..	214,401	107,857	106,544
Tasmania ... ..	124,680	92,220	32,460
Commonwealth Totals ...	3,120,271	2,565,413	554,858
Number of electors on Commonwealth roll	...	...	2,836,177
Number of electors whose valid Senate votes have been counted	...	...	1,912,828
Percentage of total votes cast for Nationalists	...	...	54.37
Percentage of total votes cast for Labour	...	...	44.70
Percentage of total votes cast for Independents	...	...	00.93



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candidates who had been accustomed to majorities of more than one hundred per cent. were barely returned. It was obvious that, if it had been possible to send the whole of the Senate to the country as in 1914, the newly elected House would have unanimously supported the Coalition. Under a scheme of proportional representation the Labour Party would have had approximately eight out of the eighteen Senators elected. Under the system at present in force they had none, for although there had been considerable dissatisfaction with the choice of candidates the electors on either side voted the whole Party ticket. The poll was a very heavy one, though not quite so heavy as on the conscription referendum. It showed that the Coalition had gained approximately 100,000 votes which were cast for Labour in 1914, and that they were supported by many thousands who in 1916 had voted against conscription. The Government majority was neither a class nor a Party vote. It represented all classes and all interests. It is a proof of the instinctive loyalty of Australia to the Empire and of its sympathy with the cause of the Allies. But it would be going too far to argue that it demonstrates a change of opinion on the subject of conscription. The electors were asked to show their loyalty by their votes, but they were asked for no specific sacrifice, and with the single exception of Sir William Irvine's constituents they cannot be said to have voted for any advocate of conscription here and now.

The Coalition has now a free hand to carry out what measures it considers expedient to ensure that Australia will give the help that is needed and can be given without the introduction of compulsory service. The effects of its victory have already been seen in increased financial confidence. It will certainly welcome every scheme for increasing the supplies of recruits under the voluntary system. It has an opportunity such as no Australian Ministry has had in the past ; for it has majorities in both Houses and has no need to make concessions to a third

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Party or to listen to the orders of a controlling body outside Parliament.

There would be little doubt of its prospects if the Prime Minister had showed any disposition to reconcile himself for national purposes with the Party opposed to him. It is not suggested that the personal hostility at present existing between him and the Labour Party was provoked by Mr. Hughes. But a truly national leader would not have perpetuated it as he has done. The suggestion that, because there are disloyalists in the Opposition, a substantial portion of the many hundred thousand who voted against the Government are disloyal or indifferent is a silly libel. It has been handsomely disavowed by Senator Millen, the leader of the Nationalists in the Senate. Mr. Hughes must do so by act, if not by speech, if the Ministry is to do a truly national work. So long as the charge is repeated, appeals for recruits will not succeed, conscription will be impossible, and industrial disputes will continue to flourish. Nor will Parliament be able to conduct its business if criticism is denounced as disloyal opposition. Vigilant criticism is always needed in the Commonwealth Parliament, and Mr. Tudor is quite capable of giving it. The want of it, both in the Press and in Parliament, during the war has been one of the chief causes of administrative blunders. Mr. Hughes will retain the confidence the electors have shown in him if he treats criticism as a necessary element in the conduct of business and no longer confuses opposition to his plans with disloyalty to the Empire.

Within the Government majority the former members of the Labour Party are considerably outnumbered by the Liberal element. The certainty that this must be so was used throughout the elections to support the warning that a victory for the Coalition would be followed by reduction in pensions and by the repeal of much industrial legislation. The warning was clearly rejected by the electors if they can be said to have considered anything but the course of the war. The new Ministry is bound to

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economise, for the National Expenditure on non-military objects has increased at an alarming rate. But economy will be effected, if at all, by the stoppage of public works not immediately necessary and by closer supervision. There may be industrial legislation, but its intention will be to secure the settlement of disputes with greater expedition and at less expense. There is, of course, a danger that the Coalition may dissolve, since many of its Ministers were a short time ago opposed to each other on personal as well as on political grounds. But it will continue so long as the war lasts and there is still need to have Australia represented at an Imperial Conference. There is no warrant for saying that many of the votes cast for Mr. Hughes at the General Election were influenced by a desire to punish the Party which prevented him from attending the War Conference. There has been so much secrecy about Foreign Policy in the past and the published results of the Imperial Conference have been so trivial that the vital importance of this War Conference has never been fully realised. But the resolutions cabled, tentative as they were, have convinced Australians that their interests may be seriously affected and that in the future they must be represented and represented by their ablest Ministers. If Ministers look beyond the war they can see that the union of so many different materials affords an opportunity for the serious consideration of the questions which have hitherto been delayed by Party divisions. The element most difficult to calculate is the personality of the Prime Minister. He will prove his statesmanship if he can ignore the provocation of the minority and admit the good faith in their professions of patriotism. He will be a successful head of his Ministry if he will check a tendency to monopolise all administrative control in his own hands which, however natural in a man of outstanding ability, is fatal to the efficiency of the department and the harmony of the Cabinet.

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### II. QUEENSLAND POLITICS

THE General Election for the Commonwealth was accompanied in Queensland by a State referendum on the subject of the abolition of the Legislative Council. By an Act of 1908 Queensland made provision whereby Bills twice rejected by the Council (a nominated body) should be referred to the people, and if approved, be presented for the Royal Assent ; and the present proposal was referred by the Government under this sanction.

The submission of the question to electors when they were recording their votes at a Commonwealth election had, no doubt, something to recommend it on the score of convenience and economy ; but the course is seriously objectionable as mixing the issues of State and Commonwealth politics. In the present instance the Premier of Queensland and his Ministers have been in sharp conflict with Mr. Hughes over conscription, and now belong to the section of the Labour Party that has repudiated him. The Labour Party is rent on the question of control of the Ministry and the Parliamentary Caucus by the external organisations of the Party. Mr. Hughes claims a certain freedom of action ; Mr. Ryan accepts the " Official Labour " principle of control, and the Commonwealth and Queensland Ministers had other grounds of public difference. In the result Queensland surprised the other States by returning Ministerialists for each of her three Senate seats, while the scheme for the abolition of the Legislative Council was negatived by 166, 664 to 105, 732.\*

The referendum was not allowed to take place without challenge of its legality by some of the Council members. They applied to the Supreme Court for an injunction on the ground that the referendum was unconstitutional

\* These are the figures given up to May 26th. A few returns had still to be dealt with.

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both as being beyond the powers of Parliament and as bad in point of procedure. The Supreme Court of Queensland granted the injunction; and the statement of some Ministers gave ground for the fear that a conflict between the Executive and the Judiciary was to be added to the political strife. An appeal to the High Court was expedited and came on for hearing a few days before the referendum. On the suggestion of the Court the referendum was allowed to proceed "without prejudice," and the appeal is therefore still pending in the High Court.

The attack by the Ministry on the Council is the culmination of an hostility between Council and Assembly which is the most recurrent fact in the political history of every State in the Commonwealth, and made its appearance long before the advent of the Labour Party in either its earlier or its later guise. It has been a common feature of these conflicts that, as in the present case, a Government having the firm support of the Assembly has been in a minority in the Council. Ministerialists contended that the Council had obstructed the Labour programme as endorsed by the people in 1915; that practically all the Council's life nominees were appointed by previous Liberal Governments; and that the Chamber was, according to the Premier, "an anachronism and excrescence on the body politic." The case had become one for ending by abolition rather than mending by the nomination of a sufficient number of members to alter the political complexion of the Council. The counter argument was the traditional one, the need of an unhurried chamber of revision: and there was considerable warrant, in the valuable revisory work of recent years, to support this contention.

A general survey of the legislation, actual or proposed, of the State of Queensland during the régime of the present Ministry is not possible here. Some of it has been by general consent admirable, much of it has been highly controversial and bound to provoke the resistance of a body which claimed to stand for moderation in politics.

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Labour Governments, in a position to do so, are active in establishing State industries. New South Wales and Western Australia have a long story of such enterprises ; and the Queensland Ministry in its brief tenure of office has but followed the lead with meat shops, hotels, cattle stations, timber yards, etc. It has, however, greatly surpassed other Australian Labour Governments in introducing contentious legislation during war time. For illustration, the cases of pastoral leases and insurance may be referred to. Queensland pastoral leases contained a provision that the rentals were to be revised every seven years, but no increase upon the previous rental was to exceed 50 per cent. Under this contract between the Crown and the lessee many mortgagee third party interests have arisen : while a great number of these leases have changed hands, a clear inducement to the purchaser residing in this limitation. The Labour Government brought in a measure to cut out the limitation, and the Council threw out the Bill on the ground of unwarrantable repudiation of contract. The Government brought it in again, the two Houses conferred, and, in order to secure other features of the Bill, the Government finally agreed to excise the contested clause.

Queensland passed in 1905 a Workmen's Compensation Act, largely on the model of the British Act. Several companies promptly set up the requisite machinery to cater for the business. The Labour Government passed an Act in 1916 to compel every employer (1) to insure his risk, and (2) to do so with the newly created Government Department, as from July 1, 1916. A clause in the Act, incomprehensible in view of the context, entitled the private companies, on payment to the Treasury of a £5,000 deposit, to apply for a licence to trade on like terms with the Government. They complied with the conditions : but it was not mandatory upon the Government to grant the licences. The Government refused in every case. The Council had been under the impression that it had saved the companies

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from this act of confiscation ; but, owing to inexcusable bungling, the Bill left that Chamber in a form which permitted of Ministerial action in the manner indicated.

The Government has also set up a State Fire Insurance Department, and has taken the requisite powers to create other departments for marine risks, motor cars, fidelity, etc. The fire business is on the basis of 80 per cent. of pre-existing rates ; and the Fire Department has stated its intention to distribute any profits as dividends to the policy holders. The private companies have adopted the 80 per cent. basis, and they are still operating ; but it is stated, on good authority, that the various Government departments (*e.g.*, Agricultural Bank, Public Trustee, Public Curator, etc.) are using strong influence to deflect insurances from the private companies to the Government Department.

The stock embargo was an act of administration, not legislation. In 1914 the Liberal Ministry passed the "Meat Supply for Imperial Uses Act"—with wide powers to commandeer and purchase stock and meat intended for export. As New South Wales passed a similar Act about the same time, it is not a violent presumption that the originating suggestion came from the United Kingdom. The Labour Government, which succeeded the Liberals, arranged with the Meat Companies a price of 4½d. per pound for beef for Imperial uses ; but stipulated for a maximum of 12,000 tons during 1916 for home consumption at 3½d. to supply the meat shops which the Government had set up in several places. They closed the border absolutely to fat stock, while store stock could only cross on payment of a deposit of 16s. per head of cattle, 6d. per sheep, with an undertaking on the part of the grazier to bring the stock back into Queensland within six months.

On the face of it this appeared to be in violation of a fundamental principle of the Commonwealth, embodied in the terms of the Constitution, that trade and commerce among the States should be absolutely free. The action of the Government was, however, supported by a majority



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of the High Court on the ground that a State has power to acquire property and to control the rights of property holders within its territory, and that this is not impaired by the constitutional guarantee of freedom of trade. Legal or not, the action of the Queensland Government excited great indignation among Queensland producers, and not less feeling amongst the other people and Governments in Australia, irrespective of Party.

Finally, Queensland enjoys the distinction of being the one State in Australia governed by a Ministry avowedly and actively opposed to conscription.

Australia. May, 1917.

## SOUTH AFRICA

### I. THE SESSION.

THE second Session of the second Parliament of the Union of South Africa opened in Cape Town on February 16th. The political situation as it existed immediately prior to this event was fully dealt with in the last number of *THE ROUND TABLE*. In this article it is proposed to trace the effects of the Session on the relationship between the four parties into which the House is divided. On the dominating issue of the war there is, of course, no change to record. General Botha can rely on the support of a commanding majority, composed of his own party, the Unionists and the Labour members; indeed, he can do so now with far greater confidence than formerly, for the one serious stumbling block in the way of this support being fully accorded has now been removed by the settlement of the vexed question of the pay of our overseas contingent in France. This has been solved by the Imperial Government agreeing to pay the full South African rates (3s. a day) as from January 1st last, while the Union Government at the same time has undertaken to make a free grant of £1,000,000 towards the general expenses of the war. This obstacle having been removed, it may be said with confidence that General Botha's position as leader of South Africa in this war has been strengthened as regards the English section, a result to which the series of speeches made by General Smuts during the sitting of the Imperial War Cabinet has also very materially contributed.

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But there are other matters, more domestic in character, which have been dealt with this session, and which have raised serious and somewhat bitter debates. It is interesting to compare the division of parties which has resulted in each case, for this serves to show how unstable the present political situation is. Three main topics have produced full-dress and prolonged debates. They are given below, and against each is set the way in which parties divided (with the exception of one or two individuals whose departure from the strict party classification does not materially affect the argument).

1. *The War and the late Rebellion.* South African Party, Unionists and Labour Party *v.* Nationalists.

2. *The Native Administration Bill.* South African Party and Nationalists *v.* Unionists and Labour Party.

3. *The Bewaarplaats Bill.* South African Party and Unionists *v.* Nationalists and Labour Party.

It will be observed that in each case the Government secured a substantial majority with the aid of different allies. The first topic has already been alluded to, and it is not necessary to go into it in any detail. The whole subject was raised and discussed at interminable length on the Budget; indeed, the country's finances were only fitfully mentioned by a few speakers in a debate in which 83 members out of a House of 130 took part, and which filled 14 sitting days. The division of parties during this hurricane of words may be described as normal, in so far as the attitude of South Africa towards the war is concerned. But on the other two questions abnormal situations arose which will repay some study.

In THE ROUND TABLE of September, 1913, an article was published entitled "South Africa and its Native Question." In this article the natives were divided into three classes: (1) Natives living in their own communities in reserves specially set apart; (2) natives who do not belong to any native community, but live individually or in groups on the Europeans' land, or in towns and industrial centres;

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and (3) natives brought into the Union from outside under labour contracts. The Bill we are discussing in no way concerns the last class, but deals only with the first two. Nor is it necessary for our purpose to deal with the proposals of the Bill with regard to the natives in the first class, for its ultimate object is to apply that policy as regards native administration which has been followed with comparative success in the Transkeian district and which was described in the article already referred to. But it was around the proposals of the Bill for dealing with natives falling within the second class that the main controversy raged. The fundamental principle of the Bill is the territorial separation of the white and native inhabitants of the Union—that is to say, that as regards the ownership of any interest in land the native races shall be strictly segregated. When once this principle has been put into effective operation, we shall have white and black communities existing side by side and developing on parallel lines, each in its own way. This policy may best be stated in the following extract from General Smuts's speech in London on Tuesday evening, May 22nd :

I am talking of the idea of creating all over South Africa, wherever there is a considerable native community, independent, self-governing institutions from the native population, instead of mixing up black and white in the old way, as we have done, confusing everything, and not lifting up the black, but degrading the white. We are now trying to keep them apart as much as possible in our institutions. In land ownership, in forms of government, and in many ways we are trying to keep them apart, and thus lay down an outline of policy which may take a hundred years to work out, but which in the end may be the solution of our native problem. It will certainly be that in South Africa you will have, in the long run, large areas cultivated by blacks and governed by blacks, where they will look after themselves in all forms of living, and in suitable parts you will have white communities which will govern themselves according to accepted principles. The natives will come to work in the white areas, but as far as possible the forms of political government will be such that each will be satisfied and developed according to his own proper lines. This is the attempt which we are now making in South Africa.

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It will be observed that the policy outlined above is one of absolute territorial separation so far as concerns the ownership of land ; development on parallel lines so far as concerns political institutions ; while in the sphere of industry the principle of strict segregation is to be departed from, and the native is to be allowed, and will no doubt be encouraged, to leave his native territory in order to seek service under the white. Thus the Bill aims at nothing less than to lay for all time the foundations of a policy which in General Smuts's opinion it may take a century to evolve. The first step had been taken in 1913, when by the passing of the Natives' Land Act \* certain areas, representing the existing native reserves, were scheduled, outside of which natives were prohibited from buying or hiring land, except with the consent of the Government. Similarly the purchasing or hiring of land by Europeans within the scheduled areas was forbidden. At the same time a statutory Commission was appointed to demarcate the whole country into native and non-native areas. The Commission was required to report within two years, but the outbreak of the war, and still more the Rebellion, interfered so seriously with its labours that Parliament was obliged to extend this period for a further year. Finally, the Commission handed its report to Parliament during the Session of 1916. The report was allowed to remain in the hands of the country until the present Session, when the Government introduced the Native Administration Bill, which embodied the territorial division of the country recommended by the Commission. It must be remembered that the Act of 1913 was a purely temporary measure, introduced primarily for the purpose of preventing speculation in land which might have been indulged in by enterprising people anxious to anticipate the proposals of the Commission. It must also be remembered that it deprived the natives of rights of acquiring property which they had possessed hitherto in the Transvaal and Natal

\* ROUND TABLE, September, 1913, p. 666.

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without any compensating privilege being accorded them. It attempted similarly to limit the rights of natives in the Cape Province, but in this it failed, for, in accordance with the provisions of the Act of Union, which forbids any interference with the existing Native Franchise in the Cape, a clause was inserted providing that no restrictions on the acquisition of property should be in force in the Cape Province which would prevent any person from acquiring the necessary property qualification to be enrolled as a voter. A recent decision of the Appeal Court has ruled that this proviso excludes the whole of the Cape from the operation of the 1913 Act. As far as the Cape is concerned, therefore, the position remains as it was before 1913. In the Orange Free State also the 1913 Act made no difference, for there the natives never have possessed the right of acquiring interests in property. In the Transvaal and Natal they could do so, and the 1913 Act deprived them of this privilege. What the Native Administration Bill therefore sets out to do is permanently to limit the right of the natives to acquire property, and as compensation to set apart additional areas to the existing native reserves in which natives will be allowed to purchase land and from which the white landowner shall be excluded. It is obvious that when these areas come to be demarcated two questions will at once arise—first, are they sufficiently large to allow for the natural expansion of the natives, and to give a fair chance to natives both now and in the future to acquire land ; and secondly, are they composed of lands suitable for native occupation, and of a quality good enough to allow the native a fair chance of farming successfully ?

The necessity for careful weighing of these two points of view becomes all the more necessary when it is remembered that the interests of the white man and the native are not identical. In the first place, the white man will not willingly agree to hand over large areas of good land from which he is to be permanently excluded, and naturally claims that if his farm is to be included in a native area

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the Government must be prepared to expropriate it. This, however, the Government has announced it is not prepared to do ; but it will allow him to sell to a white man if he cannot find a native purchaser, while at the same time it reserves to itself the right to buy him out. This is, in effect, giving a perpetual free option to the Government, and is perhaps naturally regarded as unsatisfactory by the white farmer who finds himself condemned to be included in a native area. Secondly, the white man looks to the native to provide his labour. This point is made clear by General Smuts. Though the two races are to develop along parallel lines, the native is to go freely into the white territory to seek work. This being so, the white man, who alone has control of legislation, may be tempted to limit the opportunities afforded to the native in order to induce him to seek work in a white area. It was on the above grounds that the Bill was mainly attacked. Sir Thomas Smartt, as leader of the Opposition, on the Order for the Second Reading, moved an amendment to the effect that the Order be discharged, and the subject matter of the Bill be referred to a Select Committee, in order to obtain further information as to whether it could be put into operation without injustice. He also pleaded that such a controversial measure and one so intimately affecting the interests of natives should not be proceeded with during the continuance of the war. This motion the Government found itself unable to accept, with the unfortunate result that the House divided on definite racial lines, the English supporters of the Government voting with the Opposition. It is certainly regrettable that a racial division should take place on such a question as the native question, but its significance should not be exaggerated. It must be remembered that probably the vast majority of the members of the House of Assembly are in favour of the principle of territorial separation if it can be equitably applied ; indeed, the preliminary Act of 1913 went through without a division. There is



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also a cross division of opinion on the native problem, represented on the one hand by the more liberal policy of the Cape and on the other by the less liberal policy of the Northern provinces in the past. It is to be hoped that, if the country is to be divided on the native problem, it will be so on the latter rather than on the former basis.

The division on the Bewaarplaats Bill brought about a combination between the ultra-Conservative party, represented by the Nationalists, and the Labour Party, which, of course, is Socialistic.

This curious combination found a common enemy to attack in the form of the big Rand mining houses. The nature of the Bewaarplaatsen and the problem connected with the distribution of the proceeds of the disposal of the mining rights under them have already been explained in THE ROUND TABLE. The Government, after putting it off for several years, determined to settle the question this Session, and to settle it on the basis of the State taking half the proceeds and the owners of the land—who as it happens are mostly mining houses—the other half. As upwards of two million pounds is involved, it is clear that it was a considerable carcass round which the eagles were gathered together. The contention of the Nationalists and the Labourites was that the State should retain the whole, whereas the Government's proposal was an equal division based on the rights conferred by a resolution of the Volksraad of the South African Republic passed in 1896. Our purpose here is not to discuss the merits of the case, but to draw attention to the tendency of the Nationalists and the Labour Party to come together on questions in which the interests of the mining houses are involved. On the part of the Nationalists, however, this tendency towards the Labour point of view has its limitations; for when a member of the Unionist Party introduced an Industrial Diseases Compensation Bill, in which anthrax was scheduled as a disease, it was hotly opposed by the Nationalists on the ground that, although farmers are

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expressly exempted as employers from liability under the Workmen's Compensation Act, the inclusion of anthrax in the schedule might have the effect of reducing the prices paid by dealers in hides, etc., seeing that they would be liable to compensate any employee who might contract anthrax in handling such articles.

### II. FINANCE.

THE Minister of Finance, in his Budget statement on March 30th, was able to present a more satisfactory account of the finances of the year just ended than had been foreshadowed in his statement twelve months before. In place of a deficit which had then been anticipated of upwards of £600,000, he was able to estimate a surplus for the year of £400,000. This was accounted for mainly by an increase in the revenue from customs and from diamond mining. The customs revenue for the year had been estimated at a low figure in anticipation of greatly diminished imports through shortage of freight. The restrictions on freight, however, had not been so serious as was feared, and the internal prosperity of the country had made itself felt in an increased demand for imports. In the result the customs revenue exceeded the estimate by £447,000. Similarly the revenue from diamond mines had been estimated at a very low figure in the belief that the depression in the diamond market which existed at the beginning of 1916-1917 would continue. But during the year there was a marked revival in the diamond trade, and this was reflected in an increase in the revenue from this source over the estimate of £454,000.

Business was good throughout the year. The gold output on the Witwatersrand was fully maintained, and the farmers, though suffering in some districts from the effects of drought, were able to dispose of their produce at exceptionally high prices. As regards the revenue of

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the year just closed the Minister was therefore able to present a very satisfactory picture.

For the current year the one doubtful element in the outlook was whether ships would be available to carry the produce of the country to the oversea market. Industrial development, though stimulated by the restricted imports and high prices of manufactured articles, is still only in its first stages ; and many of the products of the country, such as wool, mohair, hides, and fruit, find their principal market oversea. The increased activity of the submarine campaign and the calls on shipping for military purposes made it impossible to count with any certainty on a continuance of export facilities. The same uncertainty affected the outlook in regard to imports, as did also the increased restrictions imposed on the manufacture and export of large classes of goods in the United Kingdom. The Minister therefore estimated for a drop of £830,000 in the Customs revenue for the current year ; and the actual figures since April 1st show a falling off even greater than the estimate.

The total revenue for the year 1917-1918 is estimated in round figures at £18,170,000 and the expenditure at £18,509,000. The deficit is to be provided for mainly by a tax on excess profits, on the lines of that introduced in the United Kingdom in 1915 at the rate of 25 per cent. on excess profits earned after July 1st, 1916. The tax is to apply to all trades and businesses, except professions where the income depends on personal qualifications and does not require capital, life insurance companies, and gold mines, which are already burdened with special war taxation. The produce of the tax is estimated at £250,000. An extension of the export tax on diamonds is proposed which is estimated to produce £170,000. A reorganisation of the income tax as regards its incidence on companies is also expected to yield a small increase in revenue. Otherwise there is no increase in taxation.

The increased expenditure is accounted for chiefly by an increase in interest and debt charges and by an increase in

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the expenditure of provincial administrations arising from growing demands for educational facilities. 'War expenditure is not directly reflected in these figures, because the whole burden of such expenditure since the outbreak of the war—including the cost of suppressing the rebellion, of conquering, garrisoning and administering the German South West Protectorate (over and above what is defrayed from revenues raised there), and of maintaining the internment camps has been thrown on the loan account. The expenditure on the revenue account is increased thereby to the extent of the increased amount required for interest and debt charges, but except for this, and for an increase in the ordinary administrative expenditure due to the granting of a war bonus to public servants, no war expenditure is provided for from the revenue account. The cessation of hostilities will not therefore of itself bring any reduction in the expenditure side of the ordinary budget, and unless other economies can be effected, the revenues derived from the so-called war levy on gold-mining profits and from the excess profits tax, which is in terms limited to six months after the duration of the war, will have to be found in some other way.

The figures of revenue and expenditure given above do not include the Railway and Harbour Administration. Under the Act of Union the revenue and expenditure of the Railway and Harbour Administration are kept separate from the general exchequer account, and there is therefore besides the general budget of the Union a separate and self-contained budget for the Railways and Harbours. For the year ended March 31st last the revenues of the Railways and Harbours account showed an increase over the estimate of over £1,000,000. The expenditure on the other hand showed also a substantial increase over the estimate, but the result was a surplus of £685,000 in place of an estimated deficit of £41,000 with which they had begun the year. This increase in revenue was largely due to a very great expansion in the receipts from coal traffic owing principally

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to abnormal demands for bunkering at the ports. The surplus was paid into the renewals fund, with the exception of £100,000 paid towards a deficiency in the Pensions fund.

The total public debt of the Union on March 31 last was £155,762,000. Approximately £23,000,000 has been added to the debt of the Union in respect of war expenditure since the outbreak of hostilities. As against this may be set the fact that the German South West Protectorate has been added—temporarily it may be—to the Union. What the ultimate disposal of this territory may be no one knows at present, and, in the meantime, in any attempt to divide the amount of the debt as between productive and unproductive the whole of the war expenditure must be classed with the unproductive. It is always difficult to arrive at an agreement as to what should be classed as productive and what as unproductive debt. Applying, however, a rough division as between loan moneys expended on undertakings which return the interest and debt charges on their capital, and those for which these have to be met from general revenue, we get an approximate figure of 70 per cent. for the former class and 30 per cent. for the latter. This division applied to a total debt of £155,000,000 would give a figure of approximately £46,000,000, which could in that sense be called unproductive debt.

In respect of £40,000,000 of the debt, viz., the Transvaal and Orange Free State loans guaranteed by the Imperial Government, there is a statutory sinking fund of 1 per cent. There are also statutory redemption provisions in respect of certain Cape and Natal loans amounting to £3,600,000. In addition to this any surplus of ordinary revenue over expenditure is automatically paid over to the sinking fund. The capital of the Railways and Harbours amounts to roughly £102,000,000, of which approximately £90,000,000 is from loan, and as long as adequate provision is made for depreciation and renewals there is no need to maintain a sinking fund in respect of that portion of the loan. On the

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present figures, therefore, the loan position may be regarded as satisfactory.

The criticism which has been directed against the Government in respect of its finances has centred on the arrangement by which the whole war expenditure has been defrayed from loan account, while special war levies and excess profit taxes have to be imposed to meet expenditure which will not appreciably diminish when the war is over, but on the contrary may be expected to go on increasing unless a more economical policy is adopted.

An interesting return has been published showing the growth of expenditure since Union and for some years before. Any comparison of the public expenditure before and after Union opens up certain controversial questions, and therefore has to be used with caution. The figures since Union, however, admit of a more accurate comparison. The following figures are given for the ordinary expenditure for 1908-1909 (the last complete year before Union), 1911-1912 (the first complete year after Union), and the year just ended.

1908-1909	1911-1912	1916-1917
£13,773,571	£16,128,333	£19,312,764

Comparing 1911-1912 with 1916-1917 we find that the main items of increase are Law, Order and Protection, £1,030,000; Education, £868,000; Posts and Telegraphs, £240,000; and Debt charges and interest, £1,684,000.

The increase under the first mentioned head is accounted for almost entirely by the expenditure under the Union Defence Act of 1912. The increase under Education corresponds with a remarkable increase in the number of children attending school, due not so much to increase in the population as to a much larger proportion of the children of school age having been brought into the schools since Union. The others call for no explanation. These figures are cited by the Government and its supporters to refute

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the charge of extravagance which is constantly brought against them by their critics in the Opposition ranks, and, on the face of it, the comparison does not give much ground for attack, if regard is paid to the remarkable increase in business and in production which has taken place since Union. It does not, however, dispose of a criticism which goes beyond a mere comparison of present with pre-Union figures and asks whether the scale of our expenditure as a whole is not too high for the permanent resources of the country.

There is unfortunately no accurate census of production as yet, though steps are being taken to prepare one. Taking, however, the exports for the year 1913—the last complete year before the war—we find that out of a total of £65,000,000, gold and diamonds amounted to £49,600,000. The great bulk of the public revenue of the Union is raised from its gold and diamond mines and from the population who directly or indirectly derive their living from the working of these mines. Now the gold industry which at present is producing something like £40,000,000 per annum is, in its nature, not a permanent industry. Several of the older mines are already worked out, and, though these will no doubt be replaced by new mines now being opened up on the far east of the Witwatersrand, the production of gold at the present rate cannot go on indefinitely. Even before the gold-bearing reefs are actually worked out the value of the gold per ton of rock may fall below the point at which they can be worked with profit. Some of the largest producers on the Rand, whose ore reserves are sufficient for many years' working, are finding their profits seriously reduced from this cause and unless things improve will come to a premature end. The effect of this on the industrial communities which have sprung up along the Witwatersrand would be most serious and the whole business of the country would be severely affected.

Gold mining is, in fact, a speculative business, and, just as individuals who live by it are inclined to be extravagant



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in their expenditure and reckless of the future, so in States whose wealth comes mostly from that source the ease with which large revenues are raised tends to make Governments lavish in their outlay and forgetful of the uncertainties of the source from which it comes. No doubt the counsel of perfection would be that all revenues arising from the exploitation of mineral assets, the duration of which is limited to a comparatively short period of time, should be devoted to reproductive works for the development of the more permanent resources of the country. But only the Government of the benevolent despot could carry out such a policy. It certainly will not be done by one depending on the support of a political party, and being constantly reminded that, as Burke said, "to tax and to be popular is not given to man." A step in this direction has been taken by an Act the passing of which during this Session has been referred to above. It provides that the revenue arising from the disposal of *bewaarplatsen* and from the lease of mining areas under the gold law of 1908 are to be paid to the loan account. The first of the areas given out under lease has just reached the producing stage, and that, and the other areas given out since, will in time yield very large revenues, and these will be devoted to capital expenditure which otherwise would have had to be financed by borrowing.

In regard to expenditure, the reform most urgently needed is the establishment of a sound system of local government under which local works and administration will be largely provided by funds raised locally and administered by local councils directly responsible to the people of the locality. That, however, is a matter which cannot hope to receive attention in these times of stress and anxiety.

South Africa. June, 1917.

## General Hertzog's Speeches

### III. GENERAL HERTZOG'S SPEECHES.

THE Cape newspapers of May 5 and 12 contain reports of two speeches by General Hertzog to the young Afrikaner students at Stellenbosch. These speeches attracted a good deal of attention locally, and were the immediate cause of Mr. Merriman's resolution condemning the "manifestations of a republican propaganda now being carried on in the country," which was carried in the Union House of Assembly on June 18 by 72 votes to 21, the minority consisting wholly of General Hertzog's Nationalist followers.

The Stellenbosch speeches tell us nothing new about General Hertzog's political position. He is still the apostle of extreme and uncompromising Dutch nationalism. Recognising the presence of a British population in South Africa as inevitable, he would have the British and Dutch populations develop in "two separate streams" which must never intermingle. And he would dissociate South Africa altogether from any operative connection with the parts of the British Empire outside her borders.

It is not the purpose of this article to deal with the practical consequences which would follow if General Hertzog's views were to prevail with the majority of his fellow-countrymen. General Botha has dealt with that aspect of the matter with his usual robust common sense, and the Union Parliament has made plain its attitude towards it. But since Mr. Merriman's motion has excited some attention in this country, even in the midst of the tremendous events which surround us, it is worth while to pay some attention to his Stellenbosch speeches, not as the formulation of a practical programme, but as the exposition of a constitutional doctrine. General Hertzog is a man of parts and learning, an ex-judge of the old Orange Free State, a man more at home in the university than

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in the back-veld; and in his Stellenbosch speeches he was bidding not for the votes of ignorant Doppers, but for the intellectual support of impressionable undergraduate students. His appeal was to the intelligence of the rising generation, as is shown in a passage calculated to tickle the vanity of academic youth at the expense of General Botha. "Nobody," he said on May 11, "will reasonably expect the Prime Minister to be able to express an independent judgment in regard to juridical questions of such a complicated nature as we have discussed here this evening. Yet he does so, and that in such a presumptuous manner as if he were really qualified to express an opinion. . . . The most ignorant view of the most incapable Prime Minister weighs more heavily in matters of State than the most expert opinion of the ablest private individual."

It is thus on the basis of its juristic soundness that General Hertzog's constitutional doctrine invites criticism.

The central point of this doctrine is that South Africa owes allegiance to the King, but stands in a relation of complete independence from every other community owing allegiance to the same King, including the United Kingdom.

In support of this thesis General Hertzog recites the clauses of the South African Union Act of 1909, which confer on the Union Parliament the full power to make laws for the peace, order and good government of the Union, and provide for the executive power being exercised by the King's Ministers for the Union. Thus, he says: "As far as the territory of the Union is concerned, we have been placed in possession of a perfect State organism of which the life-power rests with us. . . . In no single essential respect can any difference be observed between our State Constitution and that of Great Britain. . . . In fact, no self-government in the true sense of the word can exist without such independence from all other Governments of other countries, as also that of Great Britain. . . . We

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stand in no way under Great Britain or its Parliament or Government. The only bond which binds us together is our common King, but under him we each stand separately and independently of each other."

Now if all that General Hertzog meant by this was that the South African Parliament and Government has full power to make and administer its own law for its own purposes, that its autonomy so far as its local and domestic affairs are concerned is complete, no one, least of all General Botha, would quarrel with him. It would be almost pedantic to raise the technical legal point that the King, acting on the advice of his British Ministers, could veto Acts of the Union Parliament or that the British Parliament which passed the South African Union Act could amend or repeal it. No sane person supposes that there is the least likelihood of these legal powers being exercised, though Lord Buxton appears to have brought upon himself an outburst of wrath from the Nationalist press in South Africa for having publicly enunciated this indisputable proposition. But the matter does not end here. The fallacy of General Hertzog's whole position is that he claims for South Africa in the sphere of external relations or foreign affairs the same complete autonomy or independence (in Dutch, "zelfstandigheid") that she admittedly enjoys in the sphere of her purely domestic affairs, and does so while still avowing allegiance to the King who happens to be Sovereign not only over South Africa but over all the other parts of the British Empire as well. In reality the successful repudiation of that allegiance would be a necessary condition precedent to the establishment of General Hertzog's claim, and he is guilty of a contradiction in terms when he speaks of South Africa having been placed in possession of a *perfect State organism so far as the territory of the Union is concerned*. No State organism can be perfect if its functions are confined within the limits of its own territory, for no State can live in isolation from the rest of the world, and the conduct of foreign affairs

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necessarily involves the exercise of functions outside the limits of the State's own territory. The advantage of owning allegiance to the King is obvious, for it carries with it the right of claiming the protection of the King, armed with all the powers he derives from all sources, in the event of attack upon South Africa by a foreign Power; but General Hertzog does not seem to see that if the people of South Africa are to enjoy this advantage and yet to bear no share in the responsibility for the conduct of affairs outside the four corners of South Africa, they must leave in the hands of other than South African advisers of the King the power of dealing with those matters on which the issues of peace and war depend. Yet General Hertzog represents it as a great injustice that "the right of remaining neutral in case of war between Great Britain and another Power is denied us." He forgets that just as it takes two to make a quarrel, so it takes two to keep the peace, that the King from the point of view of international law is a single Sovereign, that if he is at war with another Sovereign all the communities under his sovereignty are *ipso facto* in a state of belligerency whether they like it or not, that his enemies will make war on all parts of his dominions that they can reach, and that they will be within their belligerent rights in doing so. General Hertzog cannot have it both ways. True, he defines neutrality as "the right not to take part in a war"; but here he is involved in a confusion between what is and what is not within the competence of the Parliament and Government of a self-governing dominion such as South Africa. It is within their competence to decide whether they will take part in a war in the sense of providing men and money to help in the waging of it: it is not within their competence to decide whether they will be in a state of belligerency or whether they will, in the only correct sense of the word, be neutral.

There have been many wars in which the self-governing Colonies took no active part, but this does not mean that they were neutral in them. For neutrality involves

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obligations towards the belligerent states, and if a colony were really neutral in a war in which Great Britain were engaged it would be its duty to oppose, by force of arms if necessary, any attempt by His Majesty's Government to use the territory of that colony as a base of operations against the enemy, just as it would be the duty of neutral Holland to oppose by force of arms any attempt on the part of Germany to use Dutch territory as a base of operations against England. General Hertzog is entitled to say if he likes that the right of neutrality "is an unassailable right and must necessarily be so of any country which possesses the right of self-government," but if he goes to this length he must mean by "self-government" something more than the right of autonomy in local affairs which South Africa, along with Canada, Australia, New Zealand and Newfoundland, enjoys. He must mean the right of full independence enjoyed only by sovereign international states; and a claim to this right would be inconsistent with a profession of allegiance to the King. For the Crown is one and indivisible. War cannot be conducted on the principle of limited liability, and the King cannot be at war with the German Emperor in Europe and at peace with him in Africa. General Hertzog's theory would, indeed, lead to absurd and extravagant consequences. Presumably he would be the first to subscribe to the doctrine that the King is constitutionally bound to act on the advice of his Ministers. If his South African Ministers, for reasons of their own, advise him to go to war with a neighbouring State, is he bound to do so? Is he bound to do so even if the neighbouring State happens also to owe him allegiance as its Sovereign? Presumably he is. And are other British self-governing states free to take part in the war on one side or the other, or to remain "neutral," as may seem good to them? Presumably they are. There must be something wrong, even from the point of view of the most academic jurist, in doctrines which logically lead to such ridiculous conclusions. But there is nothing

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new in these doctrines. They have been held, for example, in Canada, where they have been expressed by Mr. John S. Ewart, of Ottawa, in his pamphlet "The Kingdom of Canada," published some years before the present war. Happily they have been discredited by the criticisms of distinguished lawyers, and, what is far more important, they have been scouted by the practical good sense of the vast majority of a courageous and patriotic people. There is no reason to doubt that they will be scouted with equal emphasis in South Africa; and, though they have been examined here from the juristic point of view from which General Hertzog in his Stellenbosch speeches propounded them, the plain man who rejects them because he realises that, as Mr. Duncan recently put it in the Union Parliament, "the Allies are fighting for the democratic freedom of the world," has said the final word in the matter.

London. August, 1917.



## NEW ZEALAND

### I. THE LEGAL ASPECT OF CONSCRIPTION.

TWO matters of importance mark the history of the past three months. The Court of Appeal has pronounced the Military Service Act to be valid, and we have had a coal strike—short, indeed, in duration and insignificant in its direct results, but disturbing in origin and perilous in the manner of its settlement.

The Court's decision was given on April 4 in connection with the appeals against the conviction of a number of men for utterances in breach of War Regulations, a matter to which reference was made in the last issue of THE ROUND TABLE. The question was raised only incidentally, and a decision upon it proved in the result to be unnecessary, because even if the compulsory provisions of the Act were *ultra vires*, the War Regulations and the statute under which they were made were plainly valid, and the Court had no difficulty in finding that a breach of these had been committed. The legality of the Act, however, was fully argued on both sides and the Solicitor-General expressly invited the Court to give a ruling upon the point, with the result that the judges (four in number) unanimously expressed the opinion that the Act was *intra vires* of the Dominion Parliament. They held that the power given by the Constitution Act to our Parliament to make laws for "the peace, order, and good government of New Zealand" was ample to justify it in sending a force, and

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compelling men to serve in it, beyond the territorial limits of New Zealand. "I do not know," said the Chief Justice (Sir Robert Stout), "that any enabling words can be clearer than the words in our Constitution Act, which enables the Parliament of New Zealand to do everything that is necessary for the peace, order, and good government of New Zealand." Mr. Justice Chapman, in the course of his judgment, said :

A necessary power in connection with the defence of the Dominion is power to take part in the defence of the Empire as a whole, and that may, and at present does, involve sending expeditionary forces to other parts of the Empire and to foreign countries. Any argument to the contrary involves the suggestion that this country could not maintain discipline in a naval expedition which Parliament authorised the executive to send to attack some naval base in the Pacific which was a growing menace to New Zealand. Such a contention would further involve the proposition that the people of a Dominion or colony with land frontiers, of which there are three in America, and as many in Africa, would have to watch the growth of an enemy force close to its border while it might, for want of legal sanction, prove powerless to attack. Such propositions seem to me to carry their own refutation when plainly stated.

The decision has been received with general satisfaction. Had it been the other way, our Military Service Act would have required an Imperial statute to validate, or at least to supplement, it ; and while this could doubtless have been obtained, the delay and discussion inevitable in such a matter might have seriously handicapped the efforts we are making to keep our reinforcements up.

## II. THE COAL STRIKE.

J **F**OR many months past it has been a matter of common knowledge that an organised attempt was being made to restrict the output of coal throughout New Zealand, and realising the gravity of the situation the authorities

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introduced the Regulations referred to in the last New Zealand article. Early in April nine miners—six from the North Island and three from the South Island—all prominent in Labour circles, were arrested on charges of being parties to a “seditious strike” within the meaning of the Regulations, the strike alleged not being a complete cessation of work, but a deliberate and organised limitation of output. These arrests were shortly followed by a number of others. The police had apparently been working quietly for a considerable time, and upon making the first arrests seized a number of incriminating letters and other documents. A day or two after the arrests, and while the men were still in custody under a remand, a strike broke out in the coal mines, including the State Mine, on the West Coast of the South Island, and in all the northern mines except one.

Owing to the continuance for several months of the “go slow” policy, stocks of coal had become everywhere short before the strike was declared, and when the men ceased work the country was faced with the possibility of a severe coal famine. Without delay train and tram services were curtailed and urgent warnings to economise issued to the public. The Acting Prime Minister (Sir James Allen) and the Minister of Mines (Hon. W. D. S. McDonald) went to the West Coast to interview the strike leaders. The position was rendered more ominous by the fact that the men openly and emphatically announced that the sole reason for their action was Labour’s objection to conscription. “We wish to state,” said a manifesto, “that we have no quarrel with the companies whatever. In the present instance it is conscription alone, and nothing but conscription. The strike has nothing to do with the recent arrests, or the adverse decision of the appeal cases, nor is it the result of the failure of the recent negotiations with the mine-owners.” Such a position was somewhat difficult to understand, because the Military Service Boards were granting exemptions to all miners so long as they re-

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mained in their employment, and later events have gone to show that the reason given was by no means the only one, and that it was adopted and emphasised for the purpose of obtaining the sympathy of that section of opinion which was opposed to compulsory service in the Expeditionary Force.

The two Ministers remained on the coast for some time engaged in conference with the strike-leaders, but no news came as to what progress, if any, they were making. One cheering event took place: the men at Huntly (North Island) decided by a small majority not to go out. The Huntly mines are large producers of coal for domestic uses rather than for steam purposes, and the absence of West Coast coal was still a very serious matter, but none the less this decision was important because it had, without doubt, some influence upon the Southern men. Public opinion, too, was strongly against the strikers, who it was felt—even by many who disliked conscription—were making an improper use of the power possessed by them as men employed in an industry of vital importance to the war.

On April 25 the welcome news came through that the strike was over and the men about to resume work. No mention was made of the terms upon which this had been achieved, but the people breathed freely again. On the same day the adjourned hearing of the charges against two of the nine men arrested was commenced in Auckland, and the Crown Prosecutor in a lengthy speech outlined the case for the Crown. Quoting from actual correspondence and official entries, he plainly exposed a deliberate organisation of a "go-slow" policy, with open exhortations and threats to "keep down the tonnage," and commented with the utmost vigour upon the defendants' disregard of the consequence of their action to this or any other country. The case was then adjourned till the following day, when evidence was to be called. Almost immediately after this came the news through a Labour quarter of the terms upon which the Government had settled the strike. They were stated to be as follows :—

## The Coal Strike

(1) It was to be made plain to the Military Service Boards that every essential worker in coal and gold mining should have his appeal allowed ; (2) the Government agreed not to press for penalties in the cases of men arrested on account of the "go slow" policy ; (3) the Government should do its best to arrange a conference between mine owners and the employees within a fortnight ; (4) every man should go back to work as before the strike ; (5) the delegates undertook to do their best to induce the men to resume work on April 25th and abandon the "go slow" policy ; (6) if any proceedings should take place the Government would not press for penalties. The absence of any denial of these terms by the Government was an admission that they were correctly stated, and the general feeling was that peace had been purchased at too high a price.

When the pending cases were again called on, an adjournment was asked for and granted, and when next—after some delay—they came before the Court a plea of guilty was entered by the defendants. The Crown Prosecutor referred to the settlement terms and informed the magistrate that the Ministers were induced to enter into the arrangement by representations—bearing every appearance of sincerity—that the leaders who had been arrested were "really not to blame," but had been "forced into the present position" by others who had not been arrested. These representations may have been correct, added counsel, so far as the strike on the conscription issue was concerned, but it was perfectly clear that they were untrue so far as the "go slow" strike was concerned, and that was the matter before the Court. He pressed for no penalty, but asked for an adjournment in the meantime, to be followed by a further adjournment, or possibly a final disposal of the case. The defendants' counsel repudiated the anti-conscription agitation as a reason for the "policy," and urged that it was caused by the action of the mine owners. The magistrate, in pronouncing sentence, stated that he was unable to recognise the com-

## New Zealand

pact made by the Government. He was bound by his oath to administer justice without fear or favour, and he could not become a party to any such agreement. Sentences varying from two to nine months' imprisonment were then imposed. Next day the men were pardoned by the Governor and released.

It is only right to add that the course taken by the Government has caused grave and general dissatisfaction. Several men are undergoing imprisonment for less serious offences than those admitted by the miners, and it is felt that quite apart from considerations of policy it was wrong to make a bargain with regard to men who were already arrested and upon their trial for breaches of the law. If their offence was unconnected with the anti-conscription campaign, and if their arrest had no influence in the direction of causing the coal strike, it is hard to understand why their case should have been introduced into the negotiations for a settlement of the strike. That the strike was due in part to anti-conscription sentiments is proved by the agreement to grant all miners exemption.

The position of Ministers was admittedly difficult, and they appear to have adopted the view that the end justified the means. General opinion condemns their action, and the acting Prime Minister can hardly be said to have improved matters by emphasising, as he did, in his own defence against criticism, the enormous power given by the ability to strike in the case of men employed in an essential industry like coal-mining. The conduct of the men at such a time as this was a bitter disappointment, and has driven us to the conclusion that while many (probably most) of them are loyal citizens, they are as a class dangerously susceptible to the influence of evil counsels on the part of a few.

A conference between coal mine owners and men was held early in May, but broke up without any agreement being reached.

## The Working of Conscription

### III.—THE WORKING OF CONSCRIPTION.

IT would be profitless to give much space to details of variations in our machinery for keeping up our supply of men while protecting as far as possible our essential industries. The enrolment of reinforcements proceeds regularly under a system which, though far from perfect, is working tolerably in practice, and is gradually becoming co-ordinated and improved. Our reinforcements have been kept up to strength, notwithstanding a stiffening of the standard of fitness required. The medical examination is more rigorous now, the object being to take only men of undoubted fitness rather than trust, as was done for a few months, to the unfit being weeded out in camp. The results of the men's appeals for exemption show that the Military Service Boards have adopted a fairly uniform policy of exempting all farmers whose labour is genuinely required. Gold and coal miners are also generally exempted. Outside these classes a strong individual case of "public interest" requires to be shown before a man is exempted. Conferences between the different Boards have rendered the practice fairly uniform, and the good sense usually displayed by these bodies has prevented the defects of the system from causing much dissatisfaction. The National Efficiency Board has done a good deal of work both in classifying industries and in other directions, and its labours will doubtless have a profound influence upon the work of Parliament in the coming session.

Another ballot for the Expeditionary Force has just been drawn, and there are still some 40,000 men left in the First Division (unmarried men and childless widowers). As is only to be expected, the number of exemptions and rejections is increasing as the class approaches exhaustion, and it seems certain that the Second Division will begin



## New Zealand

to be drawn upon by the end of the year at the latest. This division has been subdivided as follows :

*Class A.*—Men between 20 and 46 without children.

*Class B.*—Men between 20 and 34 with 1 or 2 children.

*Class C.*—Men between 34 and 46 with 1 or 2 children.

*Class D.*—Men between 20 and 34 with 3 or 4 children.

*Class E.*—Men between 34 and 46 with 3 or 4 children.

*Class F.*—Men between 20 and 46 with 5 or more children.

Allowing for the voluntary enlistments that have already taken place from these classes it is estimated that they embrace fully 80,000 men.

We cannot doubt that many difficulties will be encountered in determining what men should be sent and what should remain in the country, but it is equally certain that so long as men are needed they will be forthcoming. Dislocation of business is inevitable, and many hardships will be caused, but there is little grumbling on our own account. The real anxiety is lest our ability to assist with the supply of foodstuffs may be impaired by depleting our country of men ; the only serious question asked is whether we can best assist the Mother Country by supplying men or supplying food. At present the problem is not acute, for we can still find the men and keep our industries going, but as the months go by we shall have an increasing difficulty, and if the war lasts much longer the question may have to be faced. When that time comes we want a clear and frank intimation from those who are best able to weigh the conflicting issues.

At present we feel that our duty lies plain before us. Speaking recently on this subject, Sir James Allen used these significant words :

“ I want to say, and I am speaking after very deliberate consideration, and with information, that the most urgent claim on New Zealand at the present time is that reinforcements should be kept up. It is evident to any thinking man that it is to the advantage of the Mother Country and her Allies that they should exert as much pressure on

## The Working of Conscription

the enemy as they can during this summer in order to bring this war to a climax this year. . . . Next to the need for men to keep up our reinforcements—and we are not asking for more than the usual drafts—comes the need for keeping up our exports of food supplies for the use of the armies and of the people in the homeland. But this need is second to the need for men to fill our reinforcement drafts. Even for those engaged in the producing industries it will be good policy to try to finish the war this year.”

A very drastic reduction in the railway service has been effected this month. Details of the rearrangements had been almost completed before the declaration of the coal strike, the prime object being to release as many men as possible for military service. The strike hastened the matter in a very practical way, and rendered necessary a reduction even beyond that originally contemplated. That, however, did not last long, and the present curtailed time-table does not depend upon coaling difficulties, but represents the endeavour of the Department to set men free for service. By reducing train services one complete shift of men has been cut out, the carriage of goods has been restricted, and many privileges encouraging traffic withdrawn. Naturally there are local complaints over what are regarded as anomalies or unnecessary curtailments, but the principle of economy and the saving of labour is everywhere approved. The Minister has taken a firm stand in regard to these local complaints and has said bluntly that this is only the first cut and that when occasion arises he is prepared to make a still more drastic one. Meantime, he declines to make any modification which will interfere with the cardinal object of the scheme—namely, the freeing of one complete shift of railway servants.

## New Zealand

### IV. THE IMPERIAL WAR CABINET.

THE Imperial War Cabinet has concluded its special sitting, and within a few weeks the two leaders of our National Government should be back in New Zealand. We are naturally curious to know how much we shall learn from them of their adventures in Imperial politics. In the meantime, how has New Zealand regarded this epoch-making conference? Perhaps when we have learned more about it we shall more deeply appreciate its significance, but it cannot honestly be said that down to the present either the invitation to the Dominion representatives or the results—as far as we know them—of the conference have made any strong impression on the popular imagination. The fact that our representatives were already in England when the special sitting was arranged robbed the invitation given to them of a good deal of its dramatic effect, and the more or less rhetorical leading articles which appeared in the New Zealand Press had little more significance than the average speech made at the opening of a new town hall. The general interest would probably have been smaller still but for Australia's failure to be represented, a failure which naturally excited comment and gave a gentle fillip to our pride. There was a certain pardonable satisfaction in being able to feel sorry for Australia, a comfortable sense that we were not quite as other men. But besides stimulating this very human emotion, Mr. Hughes's difficulties did set many people thinking and talking seriously, and the object lesson of the disturbing effect of domestic politics upon the politics of the British Commonwealth was not entirely lost. Now, if ever, was the occasion for co-operation; now, if ever, the Dominions had earned the right to be consulted; now, if ever, domestic dissensions should be stifled and attention turned to matters of higher moment. Yet

## The Imperial War Cabinet

Mr. Hughes had to stay at home to look after himself and his supporters, and but for the happy chance that she had a stable National Government New Zealand herself might have been in a similar plight. People had not forgotten the other object lesson provided by Mr. Hughes when, after his visit to England, he failed to carry conscription, and by his failure provided a neat text for a discourse upon responsibility.

When once the sitting of the Cabinet began without Australia we ceased to think about the matter, and as we got very meagre news of the proceedings of the Conference little interest was kept up. Our knowledge is still entirely confined to the reciprocity resolution, the Indian resolution and the official statement made by Mr. Walter Long at the close of the session, and while we all assume that very useful work was done in reference to matters connected with the war there has been no material supplied for discussion.

Nor has there been much serious consideration of the conference as part of the machinery of government. Frankly, the people of the Dominion are not yet in a position to appreciate the constitutional nature of the innovation. We are told in somewhat grandiloquent language both here and by Englishmen that the sitting of the War Cabinet represents a new departure in the government of the Empire. We are proud and pleased that our representatives have been admitted into the inner circle of the Empire's councillors, that a full and free disclosure has been made to them of the needs, the projects, and the policy of the Commonwealth, and that through them the oversea Dominions may at once voice their opinions and desires and be instructed as to how they may best discharge that duty which lies, a solemn obligation, upon them. We welcome this further recognition of our citizenship and take pride in this expression of trust. The attendance of Dominion statesmen at the Imperial War Conference makes for co-ordination and efficiency, and is the outward

## New Zealand

manifestation of that sense of unity which animates the ponderous body of the British Commonwealth. But the problems which will come up for solution in the near future will demand that we think clearly and precisely, and refuse to be deceived by mere phrases. It is therefore not out of place to consider from a Dominion point of view the significance of the new precedent. Is it a change in kind or only in degree?

We are told that the real significance of the change lies in the fact that the body to which our representatives were summoned is an *executive* and not merely a deliberative body; that the votes cast upon the matters under consideration will be translated into action and not operative merely as indices of opinions and pious hopes. Our representatives, we were told, would be "members of the supreme executive of the British Empire, the decisions of which will determine the policy to be pursued in waging war, in negotiating peace, and in dealing with various urgent problems which will arise immediately on the cessation of hostilities." \*

The same point is pressed in the following passage from a New Zealand paper † which has shown a deep interest in the Imperial problem:

When Mr. Lloyd George was reported some two months ago to have said that the Conference would be the first Imperial Cabinet ever held, we pointed out that it would be Imperial in a representative sense to which a Cabinet drawn solely from the United Kingdom could lay no claim, but that, though distinguished from an ordinary Imperial Conference by the supreme gravity and urgency of the agenda, a body without executive functions could only be very loosely described as a Cabinet. It now appears that we were wrong—not wrong in our reasoning, but in the assumption of fact upon which it was based. The powers of the body which is now meeting in London are not to be limited to those of deliberation and advice. . . . It is not merely as distinguished strangers or confidential advisers, but as fully privileged members, that the Prime Ministers of the Dominions have been asked to attend these special meetings

\* ROUND TABLE, March, 1917.

† *Wellington Evening Post*, 30th March, 1917.

## The Imperial War Cabinet

of the War Cabinet. In all the functions of this Cabinet, including its executive powers, they are to share.

So, too, we have read in the *Times* that the new body "is to be a Cabinet for war, and all the conditions, contingencies, and consequences of the war will be within its province. It will review and determine British strategy by sea and land."

Now we have often been reminded that the British political genius is prone to manifest itself in working changes without altering old forms and institutions, but there is sometimes a tendency to proclaim a change when no real or vital change has taken place. And we in the Dominions are puzzled to know exactly what is meant by the phrase "the supreme executive of the British Empire." The War Cabinet is doubtless an executive body, but two comments may be made on this statement. In the first place it is an executive which is politically responsible only to the people of the British Isles. We do not for a moment understand that the Dominion votes could force a course of action upon the British executive. Such a position would be intolerable, at all events unless the British votes could force a decision binding upon us. Could the votes of the Dominion members "determine British strategy by sea and land"? If so, what obligation is there on the part of the Dominions corresponding to this right? If Mr. Hughes had been present to what extent could he have pledged his country? We are not without a precedent on this point, nor does anybody imagine that on their return Mr. Massey and Sir Joseph Ward can do any more than represent facts to their colleagues upon which they are free to act or not, as they think fit. Nor need Mr. Massey resign if he cannot secure the adoption of his policy. That the risk of conflict is small does not alter this statement of the position.

In the next place, although the War Cabinet is an executive body, the session attended by our representatives was a "special" sitting, at which, as far as we can gather, no "executive" resolutions were submitted. While one may

## New Zealand

be morally certain that most valuable work was done, one may also assume that the proceedings were rather in the way of consultation upon matters of policy and general intention, and that the agenda was (necessarily) so arranged that resolutions of a really executive character were not forthcoming. The importance of the conference surpasses that of other Imperial Conferences not because it embodies a constitutional change but by reason only of the circumstances in which it was conceived and held, the urgency of the questions under consideration, and the fact that Britain was represented by her War Cabinet. In this sense, but in this sense only, it is what Mr. Lloyd George has recently termed it, a landmark in the constitutional history of the British Empire. We can, and do, believe with him that the fresh minds and views of the Government's colleagues have been of immense help, and we share his opinion that the Conference has been of such service, not only to its members but to the Empire, that it ought not to be allowed to fall into desuetude. It represents the best method available under existing conditions for ensuring consultation and co-operation between the scattered members of the Commonwealth, but—at least from a Dominion point of view—it does not represent any real constitutional change, and we obscure our vision if we say that it does.

New Zealand. May, 1917.



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